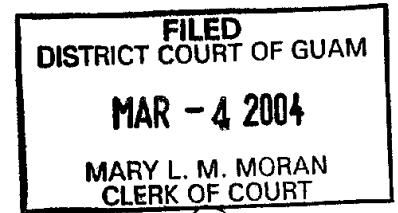


CARLSMITH BALL LLP

DONALD V. CALVO
Bank of Hawaii Bldg., Suite 401
134 West Soledad Avenue, P.O. Box BF
Hagåtña, Guam 96932-5027
Tel. No. 671.472.6813

Attorneys for Plaintiff
QBE Insurance International, Inc.



IN THE U.S. DISTRICT COURT OF GUAM
TERRITORY OF GUAM

QBE INSURANCE (INTERNATIONAL)
LIMITED,

Plaintiff,

vs.

GOVERNMENT OF GUAM,

Defendants.

TAX CASE NO. CV 04-00011

COMPLAINT

Plaintiff QBE INSURANCE (INTERNATIONAL) LIMITED (hereinafter referred to as the "Plaintiff"), for its complaint against Defendant GOVERNMENT OF GUAM (hereinafter referred to as the "Defendant"), hereby alleges and avers as follows:

1. This is a complaint to recover a claim of refund due and owing to Plaintiff under the Guam Territorial Income Tax (hereinafter referred to as "GTIT"). Jurisdiction is vested in this court pursuant to 48 U.S.C. §1424 and 48 U.S.C. §1421i(h)(1).

2. This action arises under the provisions of 48 U.S.C. §1421i(h)(2), 28 U.S.C. §1346(a)(1) and also 26 U.S.C. §7422.

3. Plaintiff, whose Employer Identification Number is 66-0516613, is a corporation duly licensed to conduct business on Guam.

4. Defendant is the Government of Guam, the entity responsible for the payment of tax refunds to Guam taxpayers.

5. Venue is properly vested in this district court pursuant to 48 U.S.C. §1421i(h)(1).

Facts

6. Plaintiff refers to and incorporates herein as fully set forth each and every allegation of paragraphs 1 through 5 of this Complaint.

7. On September 15, 2000, Plaintiff timely filed its Form 1120-PC Income Tax Return for the tax year 1999 (hereinafter referred to as the "1999 GTIT Return") with the Department of Revenue and Taxation, Government of Guam (hereinafter referred to as "DRT"). A true and correct copy of the 1999 GTIT Return is attached hereto as Exhibit "A" and incorporated herein by reference.

8. As indicated in Line 19 of Plaintiff's 1999 GTIT Return, Plaintiff over paid taxes in the amount of \$144,694.00.

9. Pursuant to Line 20 of the 1999 GTIT Return, Plaintiff elected to have the entire overpayment of \$144,694.00 credited towards Plaintiff's estimated tax for the year 2000.

10. On September 24, 2001, Plaintiff timely filed its Form 1120-PC Income Tax Return for the tax year 2000 with DRT (hereinafter referred to as the "2000 GTIT Return"). A true and correct copy of the 2000 GTIT Return is attached hereto as Exhibit "B" and incorporated herein by reference.

11. As indicated in Line 1 of Plaintiff's 2000 GTIT Return, Plaintiff incurred a loss in the amount of \$493,442.00 for the tax year 2000.

12. Line 17 of the 2000 GTIT Return indicates that the Plaintiff overpaid taxes in the amount of \$254,694.00 for said year. The overpayment, as shown in lines 14b and 14c of the 2000 GTIT Return, comprised of Plaintiff's 1999 overpayment of \$144,694.00, which was fully credited to Plaintiff's 2000 taxes, and Plaintiff's 2000 estimated tax payments in the amount of \$110,000.00.

13. Pursuant to Line 20 of the 2000 GTIT Return, Plaintiff elected to have the entire overpayment of \$254,694.00 credited towards Plaintiff's estimated tax for the year 2001.

14. On January 18, 2002, Plaintiff timely filed with the Department of Revenue and Taxation, Government of Guam, an Amended U.S. Corporation Income Tax Return for the tax year 1999 (hereinafter referred to as the "Amended 1999 GTIT Return"). A true and correct copy of the Amended 1999 GTIT Return is attached hereto as Exhibit "C" and incorporated herein by reference.

15. As indicated in Line 11 of the Amended 1999 GTIT Return, Plaintiff was seeking and entitled to a refund in the amount of \$167,770.00 for the year 1999.

16. On January 30, 2002, Plaintiff timely filed an Application For Quick Refund of Overpayment of Estimated Tax Form 4466 with DRT, seeking to recover its refund in the amount of \$254,694.00 for the years 1999 and 2000 (hereinafter referred to as the "2000 Quick Refund Application"). A true and correct copy of the 2000 Quick Refund Application is attached hereto as Exhibit "D" and incorporated herein by reference.

17. On July 30, 2002, Plaintiff timely filed its Form 1120-PC Income Tax Return for the tax year 2001 with DRT (hereinafter referred to as the "2001 GTIT Return"). A true and correct copy of the 2001 GTIT Return is attached hereto as Exhibit "E" and incorporated herein by reference.

18. As noted in Line 1 of the 2001 GTIT Return, Plaintiff incurred a loss in the amount of \$490,677.00 for the year 2001.

19. Line 17 of the 2001 GTIT Return indicates that Plaintiff overpaid taxes in the amount of \$254,694.00.

20. Pursuant to Lien 20 of the 2001 GTIT Return, Plaintiff elected to have the entire overpayment of \$254,694.00 credited towards Plaintiff's estimated tax for the year 2002.

21. On November 20, 2002, Plaintiff received a cash GTIT refund for the tax year 1999 from the Defendant in the amount of \$167,770.00 as claimed in Plaintiff's Amended 1999 GTIT Return.

22. In January of 2002, Plaintiff attempted without success to obtain a cash refund from the Department of Revenue and Taxation, Government of Guam, for the tax overpayment of \$254,694.00 for the tax years 1999 and 2000.

23. As an alternative to the refund, Plaintiff proposed to DRT that, if DRT agreed to apply Plaintiff's overpayment of \$254,694.00 against Plaintiff's future gross receipts tax liability, Plaintiff would waive any accrued interest it may be entitled to in connection with the GTIT refund due and owing to Plaintiff.

24. DRT, by and through its then acting director, George V. Cruz, verbally agreed to Plaintiff's proposal.

25. Plaintiff, subsequent to January of 2002, had several discussions with representatives of DRT concerning the implementation of the application of Plaintiff's tax overpayments to its gross receipts tax liability.

26. Despite the agreement and discussions, DRT failed to implement the application of the GTIT overpayment in the amount of \$254,694.00 towards Plaintiff's gross receipts tax liability.

27. As of the filing of this Complaint, Plaintiff is current in all gross receipts tax filings and payments.

28. On July 1, 2003, Plaintiff timely filed its Form 1120-PC Income Tax Return for the year 2002 with DRT (hereinafter referred to as the "2002 GTIT Return"). A true and correct copy of the 2002 GTIT Return is attached hereto as Exhibit "F" and incorporated herein by reference.

29. As noted in Lines 1 and 37 of Plaintiff's 2002 GTIT Return, Plaintiff had no taxable income for the year 2002.

30. Line 17 of the 2002 GTIT Return indicates that Plaintiff overpaid taxes in the amount of \$248,591.00 for 2002. The overpayment, as shown in Lines 14a and 10 of the 2002 GTIT Return, comprised of Plaintiff's 2001 tax overpayment of \$254,694.00 which was fully credited to 2002 taxes less Plaintiff's tax on income not connected with Guam business in the amount of \$6,103.00.

31. Pursuant to Line 18 of the 2002 GTIT Return, Plaintiff elected to have the entire overpayment of \$248,591.00 refunded to Plaintiff (hereinafter referred to as the "2002 Claim of Refund").

32. On December 23, 2003, Plaintiff, through its counsel, wrote to DRT requesting that a meeting be arranged to discuss the payment of the 2002 Claim of Refund due and owing to Plaintiff. A true and correct copy of the December 23, 2003 letter to DRT is attached hereto as Exhibit "G" and incorporated herein by reference.

33. As of the filing of this Complaint, DRT has not responded to the letter of December 23, 2003.

34. On February 20, 2004, Plaintiff, through its representatives and agents, made an additional attempt to resolve the issue concerning payment of Plaintiff's claim of refund without instituting suit by writing to DRT requesting that the parties meet to discuss payment of the refund. A true and correct copy of the February 20, 2004 letter to DRT is attached hereto as Exhibit "H" and incorporated herein by reference.

35. Plaintiff, in the letter of February 20, 2004, informed DRT that if DRT did not contact Plaintiff or its counsel by February 25, 2004, Plaintiff would institute suit to recover its 2002 Claim of Refund immediately thereafter.

36. As of the filing of this Complaint, DRT has not responded to the letter of February 20, 2004.

37. Plaintiff has paid all GTIT taxes due for the tax years 1999 through 2002.

38. Plaintiff has not received, as of the filing of this Complaint, any Notice of Deficiency or Disallowance from the Department of Revenue and Taxation, in connection with the filing of its 1999 through 2002 GTIT Returns and its claim of refund set forth thereunder.

39. As of the filing of this Complaint, Defendant has not paid any money to Plaintiff towards its 2002 Claim of Refund.

Cause of Action

40. Plaintiff refers to and incorporates herein as fully set forth each and every allegation of paragraphs 1 through 36 of this Complaint.

41. Plaintiff's 2002 GTIT Return constitutes its claim of refund, filed under penalty of perjury, according to the provisions of law and the regulations of the Secretary of the Treasury, as required by 26 U.S.C. § 7422(a) and IRC Reg. § 301.6402-3(a)(5).

42. More than six (6) months have passed since the filing date of Plaintiff's 2002 GTIT Return and no action has been taken by Defendant on the 2002 Claim of Refund.

43. Plaintiff, by its numerous attempts to seek payment of its 2002 Claim of Refund without instituting suit and awaiting a period of more than six (6) months for payment of its 2002 Claim of Refund set forth in the 2002 GTIT Return, has exhausted all its administrative remedies in pursuit of the recovery of its claim.

44. Although Plaintiff has demanded payment of its 2002 Claim of Refund on July 1, 2003, December 23, 2003 and February 20, 2004, no part of such claim due and owing from Defendant to Plaintiff has been paid.

45. Plaintiff has been damaged by the Defendant's failure to pay the 2002 Claim of Refund in the amount of \$248,591.00 together with applicable interest, attorney fees and costs according to law and proof.

46. Plaintiff is fully entitled pursuant to law and proof to recover its 2002 Claim of Refund together with applicable interest thereon, and reasonable attorney fees and costs pursuant to 26 U.S.C. §7430.

WHEREFORE, Plaintiff prays for judgment as follows:

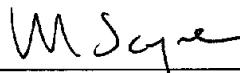
1. That Plaintiff recover the sum of \$248,591.00 which constitutes Plaintiff's claim of refund for the tax year of 2002 together with interest thereon according to law and proof;

2. That Plaintiff recover reasonable attorneys fees and costs for prosecution of this action according to law and proof; and

3. For such other relief that the court may deem just and proper.

DATED: Hagåtña, Guam, March 4th, 2004.

CARLSMITH BALL LLP



MEREDITH M. SAYRE

DONALD V. CALVO

Attorneys for Plaintiff

QBE Insurance (International) Limited

Form 1120-PC

U.S. Property and Casualty Insurance Company

Income Tax Return

OMB No. 1545-1027

1999

Department of the Treasury
Internal Revenue ServiceFor calendar year 1999, or tax year beginning 1999, and ending 1999, and ending
Instructions are separate. See page 18 for Paperwork Reduction Act Notice.

A Check applicable box if an election has been made under section(s):

(1) ☐ 853(c)(3)(C)(2) ☐ 853(d)

Please type or print

Name
QBE Insurance (International) Limited

Number and street, and room or suite no. (if a P.O. box, see page 6 of instructions)

674 Harmon Loop Road

City or town, state, and ZIP code

Dededo, GU 96912

B Employer identification number
66-0516613C Date (incorporated)
October 1, 1886D Check if a consolidated return (Attach Form 851) ☐E Check if: (1) ☐ Final return (2) ☐ Change of address (3) ☐ Amended return

Tax Computation and Payments

1	Taxable income (Schedule A, line 37)	1	1,248,798
2	Taxable investment income for electing small companies (Schedule B, line 21)	2	
3	Check if a member of a controlled group (See sections 1561 and 1563) <input type="checkbox"/>		
Important: Members of a controlled group, see instructions on page 6.			
a	If the box on line 3 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ (2) \$ (3) \$		
b	Enter the corporation's share of (1) additional 5% tax (not to exceed \$11,750) (2) additional 3% tax (not to exceed \$100,000)		
4	Income tax	4	424,591
5	Enter amount of tax that a reciprocal must include	5	
6	Total. Add lines 4 and 5	6	424,591
7a	Foreign tax credit (attach Form 1118)	7a	
b	Other credits (See page 7 of instructions)	7b	
c	General business credit. Enter here and check which forms are attached: <input type="checkbox"/> 3800 <input type="checkbox"/> 3468 <input type="checkbox"/> 5884 <input type="checkbox"/> 6478 <input type="checkbox"/> 6765 <input type="checkbox"/> 8586 <input type="checkbox"/> 8830 <input type="checkbox"/> 8826 <input type="checkbox"/> 8835 <input type="checkbox"/> 8844 <input type="checkbox"/> 8845 <input type="checkbox"/> 8846 <input type="checkbox"/> 8820 <input type="checkbox"/> 8847 <input type="checkbox"/> 8861		
d	Credit for prior year minimum tax (attach Form 8827)	7d	15,442
e	Total credits. Add lines 7a through 7d	7e	15,442
8	Subtract line 7e from line 6	8	409,149
9	Foreign corporations — Tax on income not connected with U.S. business	9	
10	Personal holding company tax (attach Schedule PH (Form 1122))	10	
11	Recapture taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8811	11	
12	Alternative minimum tax (attach Form 4626)	12	
13	Add lines 8 through 12	13	409,149
14	Qualified zone academy bond credit (attach Form 8860)	14	
15	Total tax. Subtract line 14 from line 13	15	409,149
16a	1998 overpayment credited to 1999	16a	
b	Prior year(s) special estimated tax payments to be applied	16b	
c	1999 estimated tax payments (See instructions)	16c	549,000
d	1999 special estimated tax payments (Do not include on line 16f)	16d	
e	1999 refund applied for on Form 4466	16e	
f	Enter the total of lines 16a through 16c less line 16e	16f	553,843
g	Tax deposited with Form 7004	16g	
h	Credit by reciprocal for tax paid by attorney-in-fact under section 835(d)	16h	
i	Other credits and payments	16i	
17	Estimated tax penalty (See page 8 of instructions). Check if Form 2220 is attached <input type="checkbox"/>	17	
18	TAX DUE. If line 16f is smaller than the total of lines 15 and 17, enter AMOUNT OWED	18	0
19	OVERPAYMENT. If line 16f is larger than the total of lines 15 and 17, enter AMOUNT OVERPAID	19	144,694
20	Enter amount of line 19 you want: Credited to 2000 estimated tax \$ 144,694 Refunded	20	0

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Title

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or yours if self-employed) and address

Ernst & Young LLP

EIN 66-0526565

231 Ypao Rd, Ste 201, Tamuning, GU

ZIP code 96911

Form **1120-PC****U.S. Property and Casualty Insurance Company
Income Tax Return**

OMB No. 1545-1027

1999Department of the Treasury
Internal Revenue ServiceFor calendar year 1999, or tax year beginning 1999, and ending
▶ Instructions are separate. See page 18 for Paperwork Reduction Act Notice.A Check applicable box if
an election has been
made under section(s):(1) ☐ 953(c)(3)(C)(2) ☐ 953(d)

Please type or print

Name

QBE INSURANCE (INT'L.) LIMITED

Number and street, and room or suite no. (if a P.O. box, see page 5 of instructions)

674 HARMON LOOP ROAD

City or town, state, and ZIP code

DEDEDO, GU 96912

B Employer identification number

66 0516613

C Date incorporated

OCTOBER 1, 1986

D Check if a consolidated return

(Attach Form 851) ☐E Check if: (1) ☐ Final return (2) ☐ Change of address (3) ☒ Amended return

Tax Computation and Payments

1	Taxable income (Schedule A, line 37)	755356
2	Taxable investment income for electing small companies (Schedule B, line 21)	
3	Check if a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/> Important: Members of a controlled group, see instructions on page 6.	
a	If the box on line 3 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ (2) \$ (3) \$	
b	Enter the corporation's share of: (1) additional 5% tax (not to exceed \$11,750) (2) additional 3% tax (not to exceed \$100,000)	256821
4	Income tax	
5	Enter amount of tax that a reciprocal must include	256821
6	Total. Add lines 4 and 5	
7a	Foreign tax credit (attach Form 1118)	
7b	Other credits (see page 7 of instructions)	
c	General business credit. Enter here and check which forms are attached: <input type="checkbox"/> 3800 <input type="checkbox"/> 3468 <input type="checkbox"/> 5884 <input type="checkbox"/> 6478 <input type="checkbox"/> 6765 <input type="checkbox"/> 8586 <input type="checkbox"/> 8830 <input type="checkbox"/> 8826 <input type="checkbox"/> 8835 <input type="checkbox"/> 8844 <input type="checkbox"/> 8845 <input type="checkbox"/> 8846 <input type="checkbox"/> 8820 <input type="checkbox"/> 8847 <input type="checkbox"/> 8861	
d	Credit for prior year minimum tax (attach Form 8827)	15442
e	Total credits. Add lines 7a through 7d.	15442
8	Subtract line 7e from line 6	241379
9	Foreign corporations—Tax on income not connected with U.S. business	
10	Personal holding company tax (attach Schedule PH (Form 1120))	
11	Recapture taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611.	
12	Alternative minimum tax (attach Form 4626)	
13	Add lines 8 through 12	241379
14	Qualified zone academy bond credit (attach Form 8860)	
15	Total tax. Subtract line 14 from line 13	241379
16a	1998 overpayment credited to 1999	4843
b	Prior year(s) special estimated tax payments to be applied	
c	1999 estimated tax payments (See instructions)	549000
d	1999 special estimated tax payments (Do not include on line 16f)	
e	1999 refund applied for on Form 4466	
f	Enter the total of lines 16a through 16c less line 16e	553843
g	Tax deposited with Form 7004	
h	Credit by reciprocal for tax paid by attorney-in-fact under section 835(d)	
i	Other credits and payments	553843
17	Estimated tax penalty (see page 8 of instructions). Check if Form 2220 is attached <input type="checkbox"/>	
18	TAX DUE. If line 16j is smaller than the total of lines 15 and 17, enter AMOUNT OWED	
19	OVERPAYMENT. If line 16j is larger than the total of lines 15 and 17, enter AMOUNT OVERPAID	312464
20	Enter amount of line 19 you want: Credited to 2000 estimated tax ▶ \$144694 Refunded ▶	167770

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date 10/11/02

Title

Paid

Preparer's
Use OnlyPreparer's
signature

Date

Check if
self-employed ☐

Preparer's SSN or PTIN

303-64-6413

Firm's name (or yours
if self-employed)
and address
J. SCOTT MAGLIARI & COMPANY
P.O. Box 12734, Tamuning, GU

BIN

66:0572328

ZIP code

96931

1120-PC

TAXPAYER'S COPY

U.S. Property and Casualty Insurance Company

Income Tax Return

OMB No. 1545-1027

2000

Department of the Treasury
Internal Revenue ServiceFor calendar year 2000, or tax year beginning _____, 2000, and ending _____, 20
► Instructions are separate. See page 18 for Paperwork Reduction Act Notice.

A Check applicable box if an election has been made under section(s):

(1) ☐ 953(c)(3)(C)(2) ☐ 953(d)

Please type or print

Name

QBE Insurance (International) Limited

Number and street, and room or suite no. (If a P.O. box, see page 6 of instructions)

674 Harmon Loop Road

City or town, state, and ZIP code

Dededo, GU 96912

B Employer identification number

66 0516613

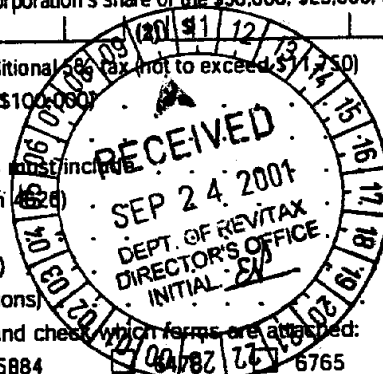
C Date incorporated

October 1, 1886

D Check if a consolidated return (Attach Form 851) ☐**E** Check if: (1) ☐ Final return (2) ☐ Change of address (3) ☐ Amended return

Tax Computation and Payments

- 1 Taxable income (Schedule A, line 37)
- 2 Taxable investment income for electing small companies (Schedule B, line 21)
- 3 Check if a member of a controlled group (see sections 1561 and 1563) ☐
Important: Members of a controlled group, see instructions on page 6.
- a** If the box on line 3 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ (3) \$
- b** Enter the corporation's share of: (1) additional tax (not to exceed \$1,750) \$
 (2) additional 3% tax (not to exceed \$100,000) \$
- 4 Income tax
- 5 Enter amount of tax that a reciprocal trust incurs
- 6 Alternative minimum tax (attach Form 4626)
- 7 **Total.** Add lines 4 through 6
- 8a** Foreign tax credit (attach Form 1118)
- b** Other credits (see page 7 of instructions)
- c** General business credit. Enter here and check which forms are attached:
- | | | | |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <input type="checkbox"/> 3800 | <input type="checkbox"/> 3468 | <input type="checkbox"/> 5884 | <input type="checkbox"/> 6765 |
| <input type="checkbox"/> 8586 | <input type="checkbox"/> 8830 | <input type="checkbox"/> 8826 | <input type="checkbox"/> 8835 |
| <input type="checkbox"/> 8845 | <input type="checkbox"/> 8846 | <input type="checkbox"/> 8820 | <input type="checkbox"/> 8847 |
| | | | <input type="checkbox"/> 8861 |
- d** Credit for prior year minimum tax (attach Form 8827)
- e** Qualified zone academy bond credit (attach Form 8860)
- f** **Total credits.** Add lines 8a through 8e.
- 9 Subtract line 8f from line 7
- 10 Foreign corporations—Tax on income not connected with U.S. business
- 11 Personal holding company tax (attach Schedule PH (Form 1120))
- 12 Recapture taxes. Check if from: ☐ Form 4255 ☐ Form 8611
- 13 **Total tax.** Add lines 9 through 12



1	(493,442)								
2									
3									
4									
5									
6									
7									
8a									
8b									
8c									
8d									
8e									
8f									
9									
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11									
12									
13									0
14a									
14b									
14c									
14d									
14e									
14f									
14g									
14h									
14i									
14j									254,694
15									
16									
17									254,694
18									0

- 14a** 1999 overpayment credited to 2000 **14a** 144,694
- b** Prior year(s) special estimated tax payments to be applied **14b**
- c** 2000 estimated tax payments (See instructions) **14c** 110,000
- d** 2000 special estimated tax payments (Do not include on line 14f) **14d**
- e** 2000 refund applied for on Form 4466 **14e** ()
- f** Enter the total of lines 14a through 14c less line 14e **14f** 254,694
- g** Tax deposited with Form 7004 **14g**
- h** Credit by reciprocal for tax paid by attorney-in-fact under section 835(d) **14h**
- i** Other credits and payments **14i**
- 15** Estimated tax penalty (see page 9 of instructions). Check if Form 2220 is attached ☐
- 16** **TAX DUE.** If line 14j is smaller than the total of lines 13 and 15, enter AMOUNT OWED **16**
- 17** **OVERPAYMENT.** If line 14j is larger than the total of lines 13 and 15, enter AMOUNT OVERPAID **17** 254,694
- 18** Enter amount of line 17 you want: **Credited to 2001 estimated tax** ► \$ 254,694 **Refunded** ► **18** 0

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer *[Signature]*

Date

09/24/01

Title

Manager

Paid Preparer's Use Only

Preparer's signature

[Signature]

Date

9/24/01

Check if self-employed ☐

Preparer's SSN or PTIN

303-64-6413

Firm's name (or yours if self-employed), address, and ZIP code

J. Scott Magliari & Co.

EIN

66 0572328

P.O. Box 12734, Tamuning, GU 96931

Phone no. (671) 472-2680

Case 1:04-cv-00011

Document 1 Filed 03/04/2004

Page 11 of 138

Form 1120-PC (2000)

EXHIBIT B

Schedule A Taxable Income—Section 832 (See page 9 of instructions.)

		1	2,665,335
		2	
		(a) Interest received	(b) Amortization of premium
		312,678	
Income	3a	Gross interest	
	b	Interest exempt under section 103	
		312,678	
	c	Subtract line 3b from line 3a	
	d	Taxable interest. Subtract line 3c, column (b) from line 3c, column (a)	312,678
	4	Gross rents	
	5	Gross royalties	
	6	Capital gain net income (attach Schedule D (Form 1120))	524
	7	Net gain or (loss) (Form 4797, Part II, line 18, (attach Form 4797))	
	8	Certain mutual fire or flood insurance company premiums (Section 832(b)(1)(D))	
9	Income on account of special income and deduction accounts		
10	Income from protection against loss account (See instructions)		
11	Mutual interinsurers or reciprocal underwriters—decrease in subscriber accounts		
12	Income from a special loss discount account (attach Form 8816)		
13	Other income (attach schedule) See Other Income Stmt.	69,916	
14	Gross income. Add lines 1 through 13	3,048,453	
Deductions (See instructions for limitations on deductions)	15	Compensation of officers (attach schedule) (See page 10 of instructions)	
	16	Salaries and wages (less employment credits)	439,243
	17	Agency balances and bills receivable that became worthless during the tax year	
	18	Rents	
	19	Taxes and licenses	
	20a	Interest	
		b Less tax-exempt interest exp.	
		c Bal.	
	21	Charitable contributions (see page 11 of instructions for 10% limitation)	
	22	Depreciation (attach Form 4562)	47,556
	23	Depletion	
	24	Pension, profit-sharing, etc., plans	
	25	Employee benefit programs	
	26	Losses incurred (Schedule F, line 14)	1,293,164
	27	Additional deduction (attach Form 8816)	
	28	Other capital losses (Schedule G, line 12, column (g))	
	29	Dividends to policyholders	
	30	Mutual interinsurers or reciprocal underwriters—increase in subscriber accounts	
	31	Other deductions (See page 12 of instructions) (attach schedule)	1,761,932
	32	Total deductions. Add lines 15 through 31	3,541,895
	33	Subtotal. Subtract line 32 from line 14	(493,442)
	34a	Special deduction for section 833 organizations (Schedule H, line 6)	
	34b	Deduction on account of special income and deduction accounts	
	34c	Total. Add lines 34a and 34b	(493,442)
	35	Subtotal. Subtract line 34c from line 33	
	36a	Dividends-received deduction (Schedule C, line 25)	
	36b	Net operating loss deduction	
	36c	Total. Add lines 36a and 36b	(493,442)
37	Taxable income (subtract line 36c from line 35). Enter here and on page 1, line 1		

Schedule B**Part I—Taxable Investment Income of Electing Small Companies—Section 834 (See page 13 of instructions.)**

		(a) Interest received	(b) Amortization of premium		
Income	1a Gross interest				
	b Interest exempt under section 103				
	c Subtract line 1b from line 1a				
	d Taxable interest. Subtract line 1c, column (b) from line 1c, column (a)				
Deductions	2 Dividends (Schedule C, line 14)			1d	
	3 Gross rents			2	
	4 Gross royalties			3	
	5 Gross income from a trade or business, other than an insurance business, and from Form 4797			4	
	6 Income from leases described in sections 834(b)(1)(B) and 834(b)(1)(C)			5	
	7 Gain from Schedule D (Form 1120), line 14			6	
	8 Gross investment income. Add lines 1d through 7			7	
				8	
	9 Real estate taxes			9	
	10 Other real estate expenses			10	
	11 Depreciation (attach Form 4562)			11	
	12 Depletion			12	
	13 Trade or business deductions as provided in section 834(c)(8) (attach schedule)			13	
	14 Interest			14	
	15 Other capital losses (Schedule G, line 12, column (g))			15	
	16 Total. Add lines 9 through 15.			16	
	17 Investment expenses (attach schedule).			17	
18 Total deductions. Add lines 16 and 17.			18		
19 Subtract line 18 from line 8			19		
20 Dividends-received deduction (Schedule C, line 25)			20		
21 Taxable investment income. Subtract line 20 from line 19. Enter here and on page 1, line 2			21		

Part II—Invested Assets Book Values

(Complete only if claiming a deduction for general expenses allocated to investment income.)

	(a) Beginning of tax year	(b) End of tax year
22 Real estate		
23 Mortgage loans		
24 Collateral loans		
25 Policy loans, including premium notes		
26 Bonds of domestic corporations		
27 Stock of domestic corporations		
28 Government obligations, etc.		
29 Bank deposits bearing interest		
30 Other interest-bearing assets (attach schedule).		
31 Total. Add lines 22 through 30.		
32 Add columns (a) and (b), line 31		
33 Mean of invested assets for the tax year. Enter one-half of line 32		
34 Multiply line 33 by .0025		
35 Income base. Line 1b, column (a) plus line 8 less the sum of line 1b, column (b) and line 16		
36 Multiply line 33 by .0375		
37 Subtract line 36 from line 35. Do not enter less than zero		
38 Multiply line 37 by .25		
39 Limitation on deduction for investment expenses. Add lines 34 and 38.		

Form 1120-PC (2000)

Schedule C Dividends and Special Deductions
 (See page 14 of instructions.)
Income

		Dividends-Received	
		(a) Subject to section 832(b)(5)(B)	(b) Total dividends-received
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	1	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	2	
3	Dividends on debt-financed stock of domestic and foreign corporations	3	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities . .	4	
5	Dividends on certain preferred stock of 20%-or-more- owned public utilities . .	5	
6	Dividends on stock of certain less-than-20%-owned foreign corporations and certain FSCs	6	
7	Dividends on stock of certain 20%-or-more-owned foreign corporations and certain FSCs	7	
8	Dividends on stock of wholly owned foreign subsidiaries and FSCs	8	
9	Dividends from affiliated companies	9	
10	Other dividends from foreign corporations not included on lines 6, 7, and 8. . . .	10	
11	Income from controlled foreign corporations under subpart F (attach Forms 5471)	11	
12	Foreign dividend gross-up (section 78)	12	
13	Other dividends (attach schedule)	13	
14	Total dividends. Add lines 1 through 13. Enter here and on Schedule A, line 2, or Schedule B, line 2, whichever applies	14	

Dividends-Received Deduction**Deduction**

		(a) Subject to section 832(b)(5)(B)	(b) Total dividends-received deduction
15	Multiply line 1 by 70%	15	
16	Multiply line 2 by 80%	16	
17	Deduction for line 3 (see page 15 of instructions)	17	
18	Multiply line 4 by 42%	18	
19	Multiply line 5 by 48%	19	
20	Multiply line 6 by 70%	20	
21	Multiply line 7 by 80%	21	
22	Enter the amount from line 8.	22	
23	Total. Add lines 15 through 22. (See page 15 of instructions for limitation.) . . .	23	
24	Total. Add line 23, column (a), and line 9, column (a). Enter here and on Schedule F, line 10	24	
25	Total deductions. Add line 23, column (b), and line 9, column (b). Enter here and on Schedule A, line 36a, or Schedule B, line 20, whichever applies	25	

Form 1120-PC (2000)

Schedule E Premiums Earned—Section 832 (See page 15 of instructions.)

1	Net premiums written		1	2,567,115
2	Unearned premiums on outstanding business at the end of the preceding tax year:			
a	Enter 100% of life insurance reserves included in unearned premiums (section 832(b)(7)(A)) and all unearned premiums of section 833 organizations	2a		
b	Enter 90% of unearned premiums attributable to insuring certain securities	2b		
c	Discounted unearned premiums attributable to title insurance	2c		
d	Enter 80% of all other unearned premiums	2d	1,271,651	
e	Total. Add lines 2a through 2d	2e	1,271,651	
3	Total. Add lines 1 and 2e	3	3,838,766	
4	Unearned premiums on outstanding business at the end of the current tax year:			
a	Enter 100% of life insurance reserves included in unearned premiums (section 832(b)(7)(A)) and all unearned premiums of section 833 organizations	4a		
b	Enter 90% of unearned premiums attributable to insuring certain securities	4b		
c	Discounted unearned premiums attributable to title insurance	4c		
d	Enter 80% of all other unearned premiums	4d	1,173,411	
e	Total. Add lines 4a through 4d	4e	1,173,411	
5	Subtract line 4e from line 3	5	2,665,355	
6	Transitional adjustments under section 832(b)(7)(D). (See page 16 of instructions.)	6		
7	Premiums earned. Add lines 5 and 6. Enter here and on Schedule A, line 1.	7	2,665,355	

Schedule F Losses Incurred—Section 832 (See page 16 of instructions.)

1	Losses paid during the tax year (attach schedule).		1	1,329,729
2	Balance outstanding at the end of the current tax year for:			
a	Unpaid losses on life insurance contracts	2a	1,546,494	
b	Discounted unpaid losses	2b		
c	Total. Add lines 2a and 2b	2c	1,546,494	
3	Add lines 1 and 2c	3	2,876,223	
4	Balance outstanding at the end of the preceding tax year for:			
a	Unpaid losses on life insurance contracts	4a	1,583,059	
b	Discounted unpaid losses	4b		
c	Total. Add lines 4a and 4b	4c	1,583,059	
5	Subtract line 4c from line 3	5	1,293,164	
6	Estimated salvage and reinsurance recoverable at the end of the preceding tax year	6		
7	Estimated salvage and reinsurance recoverable at the end of the current tax year	7		
8	Losses incurred (line 5 plus line 6 less line 7)	8	1,293,164	
9	Tax-exempt interest subject to section 832(b)(5)(B)	9		
10	Dividends-received deduction subject to section 832(b)(5)(B) (Schedule C, line 24)	10		
11	The increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F)	11		
12	Total. Add lines 9, 10 and 11.	12		
13	Reduction of deduction under section 832(b)(5)(B). Multiply line 12 by .15	13		
14	Losses incurred deductible under section 832(c)(4). Subtract line 13 from line 8. Enter here and on Schedule A, line 26.	14	1,293,164	

Schedule G Other Capital Losses (See page 16 of instructions.)

(Capital assets sold or exchanged to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders.)

1	Dividends and similar distributions paid to policyholders	1		
2	Losses paid	2		
3	Expenses paid	3		
4	Total. Add lines 1, 2, and 3	4		
Note: Adjust lines 5 through 8 to cash method if necessary.				
5	Interest received	5		
6	Dividends received (Schedule C, line 14)	6		
7	Gross rents, gross royalties, lease income, etc., and gross income from a trade or business other than an insurance business including income from Form 4797 (include gains for invested assets only)	7		
8	Net premiums received	8		
9	Total. Add lines 5 through 8	9		
10	Limitation on gross receipts from sales of capital assets. Line 4 less line 9. If zero or less, enter -0-	10		

(a) Description of capital asset	(b) Date acquired	(c) Gross sales price	(d) Cost or other basis	(e) Expense of sale	(f) Depreciation allowed (or allowable)	(g) Loss (d) plus (e) less the sum of (c) and (f)
11						
12	Totals—column (c) must not be more than line 10. (Enter amount from column (g); in Schedule A, line 28, or Schedule B, line 15, whichever applies)					

Schedule H Special Deduction And Ending Adjusted Surplus for Section 833 Organizations (See page 17 of instructions.)

1	Health care claims incurred during the tax year and liabilities incurred during the taxable year under cost-plus contracts	1		
2	Expenses incurred during the tax year in connection with the administration, adjustment, or settlement of health care claims or in connection with the administration of cost-plus contracts	2		
3	Total. Add lines 1 and 2	3		
4	Multiply line 3 by .25	4		
5	Beginning adjusted surplus	5		
6	Special deduction. Subtract line 5 from line 4. If zero or less, enter -0-. Enter here and on Schedule A, line 34a. (See page 17 of instructions for limitation.)	6		
7	Net operating loss deduction (Schedule A, line 36b)	7		
8	Net exempt income:			
a	Adjusted tax-exempt income	8a		
b	Adjusted dividends-received deduction	8b		
9	Taxable income (Schedule A, line 37)	9		
10	Ending adjusted surplus. Add lines 5 through 9	10		

Schedule I Other Information (See page 17 of instructions.)**1** Check method of accounting:

- a ☐ Cash
b ☒ Accrual

c ☐ Other (specify) ▶ _____

2 Check box for kind of company:

- a ☐ Mutual
b ☒ Stock

- 3** At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)

If "Yes," attach a schedule showing:

- (a) name and identification number;
(b) percentage owned; and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.

- 4** Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?

If "Yes," enter employer identification number and name of the parent corporation ▶ _____

- 5** At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)

If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.)

Enter percentage owned ▶ _____

- 6** At anytime during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes,"

a Enter percentage owned ▶ _____

b Enter owner's country ▶ _____

c The corporation may have to file Form 5472, Information Return of a 25% Foreign-owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶ _____

- 7** Has the corporation elected to use its own payout pattern for discounting unpaid losses and unpaid loss adjustment expenses?

8a Enter the total unpaid losses shown on the corporation's annual statement:

(1) for the current tax year: \$ 1,546,494

(2) for the previous tax year: \$ 1,583,059

b Enter the total unpaid loss adjustment expenses shown on the corporation's annual statement:

(1) for the current tax year: \$ _____

(2) for the previous tax year: \$ _____

- 9** Does the corporation discount any of the loss reserves shown on its annual statement?

10 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____

- 11** If the corporation has an NOL for the tax year and is electing to forgo the carryback period, check here ☐

12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 36b, Schedule A.) . . ▶ \$ 0

Note: If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule L Balance Sheets per Books (All filers are required to complete this schedule.)

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		206,617	789,558	136,750
2a Trade notes and accounts receivable				789,558
b Less allowance for bad debts	()			
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see page 18 of instructions)		1,375,422		331,131
6 Other current assets (attach schedule)				
7 Loans to shareholders				
8 Mortgage and real estate loans		7,861,444		7,337,689
9 Other investments (attach schedule)	230,985		247,269	
10a Buildings and other depreciable assets	(170,022)	60,963	(205,231)	42,038
b Less accumulated depreciation				
11a Depletable assets	()		()	
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)	()		()	
b Less accumulated amortization		408,509		707,116
14 Other assets (attach schedule)		9,912,955		9,344,282
15 Total assets				
Liabilities and Shareholders' Equity				
16 Accounts payable		3,140,480		133,403
17 Mortgages, notes, bonds payable in less than 1 year		3,172,623		2,818,997
18 Insurance liabilities (See page 18 of instructions)		98,021		285,531
19 Other current liabilities (attach schedule)				
20 Loans from shareholders				
21 Mortgages, notes, bonds payable in 1 year or more				
22 Other liabilities (attach schedule)				
23 Capital stock: a Preferred stock				
b Common stock		3,398,681		6,115,104
24 Additional paid-in capital				
25 Retained earnings—Appropriated (attach schedule)		103,150		(8,753)
26 Retained earnings—Unappropriated				
27 Adjustments to shareholders' equity (attach schedule)		()		()
28 Less cost of treasury stock		9,912,955		9,344,282
29 Total liabilities and shareholders' equity				

Schedule M-1 Reconciliation of Income (Loss) per Books with Income per Return (See page 18 of instructions.)

(The corporation is not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d), of Schedule L are less than \$25,000)

1 Net income (loss) per books	(111,903)	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax		a Tax-exempt interest \$	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize)		8 Deductions in this tax return not charged against book income this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)		a Depreciation \$ 12,347	
a Depreciation \$		b Contributions carryover \$	422,085
b Contributions carryover \$ 750		See Stmt 409,738	422,085
c Travel and entertainment \$ 3,231		9 Add lines 7 and 8	
Losses Incurred 36,565	40,546	10 Income (Schedule A, line 35)—subtract line 9 from line 6	(493,44)
6 Add lines 1 through 5	(71,357)		

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (line 26, Schedule L)

1 Balance at beginning of year	103,150	5 Distributions: a Cash	
2 Net income (loss) per books	(111,903)	b Stock	
3 Other increases (itemize)		c Property	
		6 Other decreases (itemize)	
		7 Add lines 5 and 6	
		8 Balance at end of year (subtract line 7 from line 4)	(8,753)

Depreciation and Amortization

(Including Information on Listed Property)

OMB No. 1545-0172

2000

Attachment
Sequence No. 67Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach this form to your return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number
66-0516613

QBE Insurance (International) Insurance

Part I Election To Expense Certain Tangible Property (Section 179)

Note: If you have any "listed property," complete Part V before you complete Part I.

1	Maximum dollar limitation. If an enterprise zone business, see the instructions	1	\$20,000
2	Total cost of section 179 property placed in service. See the instructions.	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see the instructions.	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter amount from line 27	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from 1999. See the instructions	10	
11	Business income limitation. Enter smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	
13	Carryover of disallowed deduction to 2001. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service Only During Your 2000 Tax Year

(Do not include listed property.)

Section A -- General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See the instructions. ☐

Section B -- General Depreciation System (GDS)

(See the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		See Stmt				1,829.
c 7-year property		7,142.	7	HY	200 DB	1,021.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	

Section C -- Alternative Depreciation System (ADS)

(See the instructions.)

16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part III Other Depreciation (Do not include listed property.) (See the instructions.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 2000	17	10,907.
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	30,249.

Part IV Summary (See the instructions.)

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20 Listed property. Enter amount from line 26.	20	3,550.
21 Total. Add deductions from line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	21	47,556.
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

23a Do you have evidence to support business/investment use claimed?		Yes	No	23b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
24 Property used more than 50% in a qualified business use (See the instructions.):								
96 Subaru	09/12/1996	100.00	21,949.	21,949.	5	200DBHY	1,775.	
Mitsubishi	07/01/1997	100.00	27,995.	27,995.	5	200DBHY	1,775.	
		%						
25 Property used 50% or less in a qualified business use (See the instructions.):								
		%				S/L-		
		%				S/L-		
		%				S/L-		
26 Add amounts in column (h). Enter the total here and on line 20, page 1.						26	3,550.	
27 Add amounts in column (i). Enter the total here and on line 7, page 1.						27		

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during the year (do not include commuting miles — see the instructions) . . .												
29 Total commuting miles driven during year . . .												
30 Total other personal (noncommuting) miles driven . . .												
31 Total miles driven during the year. Add lines 28 through 30 . . .												
32 Was the vehicle available for personal use during off-duty hours? . . .												
33 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
34 Is another vehicle available for personal use? . . .												

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons. See the instructions.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . .		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners. . . .		
37 Do you treat all use of vehicles by employees as personal use? . . .		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . .		
39 Do you meet the requirements concerning qualified automobile demonstration use? See the instructions . . .		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 2000 tax year (See the instructions.):					
41 Amortization of costs that began before 2000 . . .					41
42 Total. Add amounts in column (f). See the instructions for where to report. . . .					42

(2000) Depreciation Statement (Attach to your return)

Page 1

QBE Insurance (International) Limited

SSN: 66-0516613

Property	Form	Date In Svc	Method	Life (yr)	Rate	Mth Sold	Bus. Use
1. Digital Camera	4562(1)	08/21/1998	200 DB HY	5	19.20		100.0
2. Celeron	4562(1)	12/11/1998	200 DB HY	5	19.20		100.0
3. Celeron/32MB	4562(1)	12/18/1998	200 DB HY	5	19.20		100.0
4. Sony Stereo Set	4562(1)	02/25/1995	200 DB HY	5	5.76		100.0
5. IBM Typewriter	4562(1)	07/06/1995	200 DB HY	5	5.76		100.0
6. Accpac Software	4562(1)	03/17/1995	200 DB HY	5	5.76		100.0
7. HP Laserjet	4562(1)	05/10/1995	200 DB HY	5	5.76		100.0
8. RG-58 Beldon Cable	4562(1)	05/10/1995	200 DB HY	5	5.76		100.0
9. HP Duplexing Assembl	4562(1)	06/09/1995	200 DB HY	5	5.76		100.0
10. Inst. Network Server	4562(1)	06/29/1995	200 DB HY	5	5.76		100.0
1. HP Laserjet	4562(1)	06/29/1995	200 DB HY	5	5.76		100.0
2. Software - Novell	4562(1)	07/06/1995	200 DB HY	5	5.76		100.0
3. Direct Access Meniug	4562(1)	07/06/1995	200 DB HY	5	5.76		100.0
4. Clarion Dev System	4562(1)	07/06/1995	200 DB HY	5	5.76		100.0
5. 2 Genicom, 1HP II	4562(1)	07/06/1995	200 DB HY	5	5.76		100.0
6. AccPac Windows	4562(1)	07/18/1995	200 DB HY	5	5.76		100.0
7. Recorder	4562(1)	08/21/1996	200 DB HY	5	11.52		100.0
8. Aria Intel Pentium	4562(1)	08/21/1997	200 DB HY	5	11.52		100.0
9. 100 MB Zip Drive	4562(1)	09/04/1997	200 DB HY	5	11.52		100.0
10. Laserjet 4SI Kit	4562(1)	10/17/1997	200 DB HY	5	11.52		100.0

Cost	Sec 179 Expense	Land / Salvage	Prior Sec 179	Deprec. Basis	Prior Deprec.	2000 Deprec.	AMT Ta Pref A
1. 1,887				1,887.	925	362.	
2. 1,003				1,003.	431	193.	
3. 520				520.	224	100.	
4. 480				480.	452	28.	-
5. 150				150.	141	9.	
6. 1,272				1,272.	1,199	73.	-
7. 3,757				3,757.	3,541	216.	-2
8. 335				335.	316	19.	-
9. 720				720.	679	41.	-
10. 1,705				1,705.	1,606	98.	-1
1. 1,695				1,695.	1,597	98.	-1
2. 2,150				2,150.	2,026	124.	-1
3. 695				695.	655	40.	-
4. 330				330.	311	19.	-
5. 2,825				2,825.	2,662	163.	-1
6. 195				195.	183	11.	-
7. 110				110.	91	13.	
8. 1,775				1,775.	1,264	204.	-
9. 225				225.	160	26.	
10. 309				309.	220	36.	

(2000) Depreciation Statement (Attach to your return)
Page 2

QBE Insurance (International) Limited

SSN: 66-0516613

Property	Form	Date In Svc	Method	Life (yr)	Rate	Mth Sold	Bus. Use
1. Dishwasher, Water He	4562(1)	07/18/1995	200 DB HY	7	8.92		100.0
2. Telephone Lines	4562(1)	05/17/1995	200 DB HY	7	8.92		100.0
3. Office Desks/Tables	4562(1)	06/16/1995	200 DB HY	7	8.92		100.0
4. Office Desks/Tables	4562(1)	06/26/1995	200 DB HY	7	8.92		100.0
5. Vertical Blinds	4562(1)	07/11/1995	200 DB HY	7	8.92		100.0
6. Signage	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
7. Signage	4562(1)	07/18/1995	200 DB HY	7	8.92		100.0
8. Signage	4562(1)	06/08/1995	200 DB HY	7	8.92		100.0
9. QBE Banner	4562(1)	06/08/1995	200 DB HY	7	8.92		100.0
10. Securit System	4562(1)	07/18/1995	200 DB HY	7	8.92		100.0
11. Exterior Door	4562(1)	08/10/1995	200 DB HY	7	8.92		100.0
12. Telephone Equipments	4562(1)	08/14/1995	200 DB HY	7	8.92		100.0
13. Sign & Electric	4562(1)	08/21/1995	200 DB HY	7	8.92		100.0
14. Air cleaner	4562(1)	08/14/1995	200 DB HY	7	8.92		100.0
15. Fabrication-Sign	4562(1)	09/05/1995	200 DB HY	7	8.92		100.0
16. Fabrication	4562(1)	09/08/1995	200 DB HY	7	8.92		100.0
17. QBE Sign	4562(1)	09/13/1995	200 DB HY	7	8.92		100.0
18. Office Plants	4562(1)	10/11/1995	200 DB HY	7	8.92		100.0
19. Office Plants	4562(1)	10/17/1995	200 DB HY	7	8.92		100.0
10. Air Purifer	4562(1)	12/04/1995	200 DB HY	7	8.92		100.0

Cost	Sec 179 Expense	Land / Salvage	Prior Sec 179	Deprec. Basis	Prior Deprec.	2000 Deprec.	AMT Ta Pref A
1. 5,200				5,200.	4,040	464.	
2. 640				640.	497	57.	
3. 9,470				9,470.	7,358	845.	
4. 4,887				4,887.	3,796	436.	
5. 1,758				1,758.	1,366	157.	
6. 615				615.	478	55.	
7. 3,310				3,310.	2,572	295.	
8. 3,950				3,950.	3,069	352.	
9. 160				160.	124	14.	
10. 2,222				2,222.	1,726	198.	
11. 450				450.	349	40.	
12. 1,644				1,644.	1,277	147.	
13. 762				762.	592	68.	
14. 393				393.	305	35.	
15. 225				225.	175	20.	
16. 1,732				1,732.	1,346	154.	
17. 500				500.	389	45.	
18. 201				201.	156	18.	
19. 130				130.	101	12.	
10. 1,104				1,104.	858	98.	

(2000) Depreciation Statement (Attach to your return)

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QBE Insurance (International) Limited

SSN: 66-0516613

Property	Form	Date In Svc	Method	Life (yr)	Rate	Mth Sold	Bus. Use
1. Sofa & loveseat	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
2. Dining set w/6chairs	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
3. Coffee table	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
4. Vacuum Cleaner	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
16.							
17.							
18.							
19.							
20.							

Cost	Sec 179 Expense	Land / Salvage	Prior Sec 179	Deprec. Basis	Prior Deprec.	2000 Deprec.	AMT To Pref A
1. 500				500.	389	45.	
2. 600				600.	467	54.	
3. 350				350.	272	31.	
4. 100				100.	78	9.	
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
16.							
17.							
18.							
19.							
20.							

63,041

63,041. 50,463 5,522.

(2000) Depreciation Statement (Attach to your return)

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QBE Insurance (International) Limited

SSN: 66-0516613

Property	Form	Date In Svc	Method	Life (yr)	Rate	Mth Sold	Bus. Use
1. Entertainment Center	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
2. Sharp TV	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
3. Sony VCR	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
4. Sony Microwave Oven	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
5. 1 Queen Size Bed	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
6. 2 Twin Size Beds	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
7. 2 White Lamps	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
8. 1 mirror w/ gold tri	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
9. 1 chest of white dra	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
0. 1 Chest of 5 drawers	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
1. Bedside tables	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
2. 2 White Bedside Tabl	4562 (1)	02/25/1995	200 DB HY	7	8.92		100.0
3. 1 White Bed & matres	4562 (1)	08/02/1995	200 DB HY	7	8.92		100.0
4. Mattresses (2)	4562 (1)	08/02/1995	200 DB HY	7	8.92		100.0
5. 1 Computer Desk	4562 (1)	08/24/1995	200 DB HY	7	8.92		100.0
6. 3 Pc Rosewood Ent Ct	4562 (1)	08/24/1995	200 DB HY	7	8.92		100.0
7. 3Pc Rosewood Coffee	4562 (1)	08/24/1995	200 DB HY	7	8.92		100.0
8. Television & VCR	4562 (1)	09/25/1995	200 DB HY	7	8.92		100.0
9. Comfort Black	4562 (1)	09/25/1995	200 DB HY	7	8.92		100.0
0. Childrens B/Rm Furn	4562 (1)	09/25/1995	200 DB HY	7	8.92		100.0

Cost	Sec 179 Expense	Land / Salvage	Prior Sec 179	Deprec. Basis	Prior Deprec.	2000 Deprec.	AMT Ta Pref A
1. 300				300.	233	27.	
2. 300				300.	233	27.	
3. 180				180.	140	16.	
4. 100				100.	78	9.	
5. 150				150.	59	13.	
6. 100				100.	78	9.	
7. 100				100.	78	9.	
8. 100				100.	78	9.	
9. 50				50.	38	4.	
0. 100				100.	78	9.	
1. 300				300.	233	27.	
2. 75				75.	59	7.	
3. 299				299.	233	27.	
4. 478				478.	372	43.	
5. 849				849.	660	76.	
6. 1,490				1,490.	1,158	133.	
7. 895				895.	695	80.	
8. 400				400.	311	36.	
9. 788				788.	612	70.	
0. 1,160				1,160.	902	103.	

2000) Depreciation Statement (Attach to your return)

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QBE Insurance (International) Limited

SSN: 66-0516613

Property	Form	Date In Svc	Method	Life (yr)	Rate	Mth Sold	Bus. Use
1. 8 Office Desk	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
2. 7 Wagon	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
3. 4 HB W/Arm	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
4. 17MB w/ Arm	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
5. 1 BIF UC300 Blk Char	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
6. 1 Office Desk	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
7. 1 White Board	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
8. 5 3DR Lateral File	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
9. 4 2DR Lateral File	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
10. 1 Leo Int 11 CSW REF	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
11. 1 Refrigerator	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
12. 1 Microwave Oven	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
13. 1 Conference Table	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
14. 1 Office Desk WEL	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
15. 1 Computer Desk KOK	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
16. 2 Fire Proof 4 Dr	4562(1)	07/03/1995	200 DB HY	7	8.92		100.0
17. 1 Comp Chr 2 Hanging	4562(1)	07/06/1995	200 DB HY	7	8.92		100.0
18. 2 Lateral File Cabin	4562(1)	07/06/1995	200 DB HY	7	8.92		100.0
19. Paper Shredder	4562(1)	08/02/1995	200 DB HY	7	8.92		100.0
20. 1 Fire King Safe	4562(1)	08/10/1995	200 DB HY	7	8.92		100.0

Cost	Sec 179 Expense	Land / Salvage	Prior Sec 179	Deprec. Basis	Prior Deprec.	2000 Deprec.	AMT Ta Pref A
1. 3,160				3,160.	2,455	282.	
2. 1,050				1,050.	816	94.	
3. 1,000				1,000.	777	89.	
4. 3,145				3,145.	2,444	281.	
5. 285				285.	221	25.	
6. 195				195.	151	17.	
7. 235				235.	183	21.	
8. 3,245				3,245.	2,521	289.	
9. 2,196				2,196.	1,706	196.	
10. 499				499.	388	45.	
11. 299				299.	233	27.	
12. 177				177.	138	16.	
13. 500				500.	389	45.	
14. 195				195.	151	17.	
15. 438				438.	340	39.	
16. 800				800.	621	71.	
17. 200				200.	156	18.	
18. 1,077				1,077.	837	96.	
19. 203				203.	158	18.	
20. 774				774.	601	69.	

QBE Insurance (International) Limited

SSN: 66-0516613

Property	Form	Date In Svc	Method	Life (yr)	Rate	Mth Sold	Bus. Use
1. 5 Office Desks	4562 (1)	08/23/1995	200 DB HY	7	8.92		100.0
2. 1 White Board	4562 (1)	08/23/1995	200 DB HY	7	8.92		100.0
3. 6 Wagon	4562 (1)	08/23/1995	200 DB HY	7	8.92		100.0
4. 4 Lateral file cabin	4562 (1)	08/23/1995	200 DB HY	7	8.92		100.0
5. 4 Lateral file cabin	4562 (1)	08/23/1995	200 DB HY	7	8.92		100.0
6. 3 Picture Frames	4562 (1)	10/13/1995	200 DB HY	7	8.92		100.0
7. 3 Lateral Filing Cab	4562 (1)	10/13/1995	200 DB HY	7	8.92		100.0
8. Telephone Line	4562 (1)	02/21/1996	200 DB HY	7	8.93		100.0
9. Window Shutters	4562 (1)	04/17/1996	200 DB HY	7	8.93		100.0
10. Lock	4562 (1)	02/21/1996	200 DB HY	7	8.93		100.0
11. Para Oceano Bus Impr	4562 (1)	06/05/1995	SL MM MM	39.0	2.56		100.0
12. Para Oceano-Partitio	4562 (1)	06/13/1995	SL MM MM	39.0	2.56		100.0
13. Para Oceana Painting	4562 (1)	06/15/1995	SL MM MM	39.0	2.56		100.0
14. Para Oceana Fabricat	4562 (1)	06/26/1995	SL MM MM	39.0	2.56		100.0
15. Para Oceana-Kitchen	4562 (1)	07/11/1995	SL MM MM	39.0	2.56		100.0
16. Para Oceana Strg Rm	4562 (1)	07/28/1995	SL MM MM	39.0	2.56		100.0
17. Para Oceana Doors	4562 (1)	07/28/1995	SL HY HY	5	10.00		100.0
18. Construction Storage	4562 (1)	08/14/1995	SL MM MM	39.0	2.56		100.0
19. Para Oceana-LHI	4562 (1)	09/19/1995	SL MM MM	39.0	2.56		100.0
20. Kitchen Door Exit	4562 (1)	12/27/1995	SL MM MM	39.0	2.56		100.0

Cost	Sec 179 Expense	Land / Salvage	Prior Sec 179	Deprec. Basis	Prior Deprec.	2000 Deprec.	AMT Ta Pref A
1. 1,725				1,725.	1,340	154.	
2. 235				235.	183	21.	
3. 900				900.	699	80.	
4. 2,596				2,596.	2,017	232.	
5. 2,596				2,596.	2,017	232.	
6. 837				837.	651	75.	
7. 1,947				1,947.	1,513	174.	
8. 375				375.	258	33.	
9. 850				850.	584	76.	
10. 200				200.	138	18.	
11. 4,160				4,160.	485	107.	
12. 6,240				6,240.	727	160.	
13. 4,000				4,000.	465	102.	
14. 7,645				7,645.	890	196.	
15. 7,522				7,522.	860	193.	
16. 2,848				2,848.	326	73.	
17. 496				496.	57	50.	
18. 750				750.	84	19.	
19. 16,189				16,189.	1,780	414.	
20. 869				869.	90	22.	

(2000) Depreciation Statement (Attach to your return)
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QBE Insurance (International) Limited

SSN: 66-0516613

Property	Form	Date In Svc	Method	Life (yr)	Rate	Mth Sold	Bus. Use
1. Shelving Storage	4562 (1)	09/15/1997	SL MM MM	39.0	2.56		100.00
2. Shelving Storage	4562 (1)	09/26/1997	SL MM MM	39.0	2.56		100.00
3. 12 Windows 95	4562 (1)	04/03/1998	SL	5	20.00		100.00
4. 96 Subaru Legacy	4562 (1)	09/12/1996	200 DB HY	5	11.52		100.00
5. Mitsubishi Montero	4562 (1)	07/01/1997	200 DB HY	5	11.52		100.00
6. 14 Matchair 45x53	4562 (1)	01/12/1999	200 DB HY	7	24.49		100.00
7. 21 Shelving & Labor	4562 (1)	04/01/1999	200 DB HY	7	24.49		100.00
8. PII-350X 64mb NIC	4562 (1)	06/02/1999	200 DB HY	5	32.00		100.00
9. 7 CPU PII-350 KAL	4562 (1)	06/29/1999	200 DB HY	5	32.00		100.00
10. 7 Fan SECC2 PII Fan	4562 (1)	06/29/1999	200 DB HY	5	32.00		100.00
11. 7 MEM 64MB S-DRAM	4562 (1)	06/29/1999	200 DB HY	5	32.00		100.00
12. 7 HD 6.4GB Fujitsu	4562 (1)	06/29/1999	200 DB HY	5	32.00		100.00
13. 7MB Amptron PII-3748	4562 (1)	06/29/1999	200 DB HY	5	32.00		100.00
14. 7 KB Lite-on SK-1100	4562 (1)	06/29/1999	200 DB HY	5	32.00		100.00
15. 7 MSE A4Tech SWW-5	4562 (1)	06/29/1999	200 DB HY	5	32.00		100.00
16. 4 CD 24X IDE (OEM)	4562 (1)	06/29/1999	200 DB HY	5	32.00		100.00
17. 8 Mntr 15" Decaview	4562 (1)	06/29/1999	200 DB HY	5	32.00		100.00
18. 7 MS Windows 98 Comp	4562 (1)	06/29/1999	SL	3	33.33		100.00
19. 7 Case B2-D Mini Tow	4562 (1)	06/29/1999	200 DB HY	5	32.00		100.00
20.							

Cost	Sec 179 Expense	Land / Salvage	Prior Sec 179	Deprec. Basis	Prior Deprec.	2000 Deprec.	AMT Ta Pref A
1. 600				600.	35	15.	
2. 400				400.	23	10.	
3. 1,167				1,167.	681	233.	
4. 21,949				21,949.	12,685	1,775.	
5. 27,995				27,995.	11,210	1,775.	
6. 546				546			
7. 5,620				5,620			
8. 3,046				3,046			
9. 1,537				1,537			
10. 102				102			
11. 539				539			
12. 1,127				1,127			
13. 1,025				1,025			
14. 160				160			
15. 96				96			
16. 214				214			
17. 1,409				1,409			
18. 986				986.	164	329.	
19. 294				294.	246	48.	
20.							
159,679			15,421	144,258.	61,822	9,105.	1

(2000) Depreciation Statement (Attach to your return)
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QBE Insurance (International) Limited

SSN: 66-0516613

Property	Form	Date In Svc	Method	Life (yr)	Rate	Mth Sold	Bus. Use
1. 161-Network Server	IB4562 (1)	11/09/1999	200 DB HY	5	32.00		100.0
2. 162 Repari/removal	4562 (1)	06/17/1999	SL MM MM	39.0	2.56		100.0
3. 163 Repair/removal	s4562 (1)	06/22/1999	SL MM MM	39.0	2.56		100.0
4. 164 Blackout Buster	4562 (1)	06/02/1999	200 DB HY	5	32.00		100.0
5. 13 Power Blacout Bus	4562 (1)	06/07/1999	200 DB HY	5	32.00		100.0
6. Manager's furniture	4562 (1)	10/01/2000	200 DB HY	7	14.29		100.0
7. Digital Camera	4562 (1)	10/01/2000	200 DB HY	5	20.00		100.0
8. Computer Up-grade	4562 (1)	11/01/2000	200 DB HY	5	20.00		100.0
9. Printers	4562 (1)	07/01/2000	200 DB HY	5	20.00		100.0
0. Prior year f/a	4562 (1)	09/05/1995	200 DB HY	5	5.76		100.0

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
0.	

Cost	Sec 179 Expense	Land / Salvage	Prior Sec 179	Deprec. Basis	Prior Deprec.	2000 Deprec.	AMT Ta Pref A
1. 1,163				1,163.	233	372.	
2. 435				435.	6	11.	
3. 350				350.	5	9.	
4. 406			406				
5. 1,716			1,716				
6. 7,142				7,142.		1,021.	2
7. 489				489.		98.	
8. 544				544.		109.	
9. 8,109				8,109.		1,622.	4
0. 4,195				4,195.	4,195		-5
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
0.							
24,549			2,122	22,427.	4,439	3,242.	2

Department of the Treasury
Internal Revenue Service▶ See separate instructions.
▶ Attach to the corporation's tax return.

2000

Name

QBE Insurance (International) Limited

Employer identification number
66-0516613

1	Taxable income or (loss) before net operating loss deduction	1	-493,442.
2	Adjustments and preferences:		
a	Depreciation of post-1986 property	2a	-467.
b	Amortization of certified pollution control facilities	2b	
c	Amortization of mining exploration and development costs	2c	
d	Amortization of circulation expenditures (personal holding companies only)	2d	
e	Adjusted gain or loss	2e	
f	Long-term contracts	2f	
g	Installment sales	2g	
h	Merchant marine capital construction funds	2h	
i	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2i	
j	Tax shelter farm activities (personal service corporations only)	2j	
k	Passive activities (closely held corporations and personal service corporations only)	2k	
l	Loss limitations	2l	
m	Depletion	2m	
n	Tax-exempt interest from specified private activity bonds	2n	
o	Intangible drilling costs	2o	
p	Accelerated depreciation of real property (pre-1987)	2p	
q	Accelerated depreciation of leased personal property (pre-1987) (personal holding companies only)	2q	
r	Other adjustments	2r	
s	Combine lines 2a through 2r	2s	-467.
3	Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 and 2s.	3	-493,909.
4	Adjusted current earnings (ACE) adjustment:		
a	Enter the corporation's ACE from line 10 of the worksheet in the instructions	4a	-445,886.
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see examples in the instructions)	4b	48,023.
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c	36,017.
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see the instructions). Note: You must enter an amount on line 4d (even if line 4b is positive).	4d	
e	ACE adjustment: • If you entered a positive number or zero on line 4b, enter the amount from line 4c here as a positive amount. • If you entered a negative number on line 4b, enter the smaller of line 4c or line 4d here as a negative amount.	4e	36,017.
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe alternative minimum tax.	5	-457,892.
6	Alternative tax net operating loss deduction (see the instructions)	6	9.
7	Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see the instructions	7	0.

8	Enter the amount from line 7 (alternative minimum taxable income)	8	0
9	Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c):		
a	Subtract \$150,000 from line 8 (if you are completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	9a	0.
b	Multiply line 9a by 25% (.25)	9b	0.
c	Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	9c	0.
10	Subtract line 9c from line 8. If zero or less, enter -0-	10	0.
11	Multiply line 10 by 20% (.20)	11	0.
12	Alternative minimum tax foreign tax credit. See instructions	12	
13	Tentative minimum tax. Subtract line 12 from line 11	13	0.
14	Regular tax liability before all credits except the foreign tax credit and possessions tax credit.	14	0.
15	Alternative minimum tax. Subtract line 14 from line 13. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 4, or the appropriate line of the corporation's income tax return	15	0.

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

2000

Attachment
Sequence No. 27Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return

QBE Insurance (International) Limited

Identifying number

66-0516613

1 Enter the gross proceeds from sales or exchanges reported to you for 2000 on Form(s) 1099-B or 1099-S
(or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From
Other Than Casualty or Theft — Most Property Held More Than 1 Year** (See instructions.)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2 See Stmt						524

- 3 Gain, if any, from Form 4684, line 39
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824
- 6 Gain, if any, from line 32, from other than casualty or theft

3

4

5

6

- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:

7

524

Partnerships (except electing large partnerships). Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6. Skip lines 8, 9, 11, and 12 below.**S corporations.** Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7 is a gain and the S corporation is subject to the capital gains tax.**All others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions)

8

- 9 Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions):

9

S corporations. Enter any gain from line 9 on Schedule D (Form 1120S), line 15, and skip lines 11 and 12 below.**All others.** If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below, and enter the gain from line 9 as a long-term capital gain on Schedule D.**Part II Ordinary Gains and Losses**

- 10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

- 11 Loss, if any, from line 7
- 12 Gain, if any, from line 7 or amount from line 8, if applicable
- 13 Gain, if any, from line 31
- 14 Net gain or (loss) from Form 4684, lines 31 and 38a
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824
- 17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions)

11

12

13

14

15

16

17

18

- 18 Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows:

a For all except individual returns: Enter the gain or (loss) from line 18 on the return being filed.**b** For individual returns:

- (1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18b(1)." See instructions

18b(1)

- (2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14

18b(2)

For Paperwork Reduction Act Notice, see the Instructions.

Preparers Edition

Form 4797 (2000)

(2000)

FORM 4797, PART I, LINE 2 STATEMENT
(Attach this statement to your tax return)

QBE Insurance (International) Limited

SSN: 66-0516613

PART I - SALES OR EXCHANGES OF PROPERTY USED IN TRADE OR BUSINESS
AND INVOLUNTARY CONVERSIONS HELD MORE THAN 1 YEAR

2. (a) Description	(b) Date Acq'd	(c) Date Sold	(d) Sale Price	(e) Deprec	(f) Cost or Basis	(g) Total Gain/Loss
Queen size bed	02/25/1995	11/15/2000	105	72	150	27
Dining room	02/25/1995	11/15/2000	165	521	600	86
2 bedside table	02/25/1995	11/15/2000		66	75	-9
1 cabinet 5 drw	02/25/1995	11/15/2000		87	100	-13
sofa & loveseat	02/25/1995	11/15/2000	790	434	500	724
3 pc rosewood c	08/24/1995	11/15/2000		775	895	-120
3 pc rosewood e	08/24/1995	11/15/2000		1,288	1,490	-202
Sanyo VCR	02/25/1995	11/15/1999	55	156	180	31

KCA

OTHER DEDUCTIONS WORKSHEET (1120, line 26; 1120-A, line 22)

QBE Insurance (International) Limited

66-0516613

OTHER DEDUCTIONS WORKSHEET (1120, line 26; 1120-A, line 22)

1a	Total meals and entertainment.....1a		6,463.
b	50% of line 1a (deduction limit). 1b		3,232.
c	Balance of line 1a (M-1, line 5c) 1c		3,231.
	Deduction.....	1	3,232.
2	Total amortization (Form 4562, line 42).....	2	
3	Other deductions (press F6 for general worksheet).....	3	1,758,700.
4	Total other deductions.....	4	1,761,932.

=====

AM Software

(2000) Statements (Attach to your return)

QBE Insurance (International) Limited

66-0516613

=====

1120 Line 10b	
Other income	440.
Deferred acquisition	69,476.
TOTAL	69,916.

=====

SCH L (1120) Line 6d

	Beg of Year	End of Year
Accrued investment income	66,972.	47,588.
Prepaid expenses	8,359.	14,865.
Prepaid income tax	422,819.	254,694.
Prepaid withholding tax	1,920.	
Sundry debtors	875,352.	13,984.
TOTAL	1,375,422.	331,131.

=====

SCH L (1120) Line 9d

	Beg of Year	End of Year
Investment	7,861,444.	7,337,689.
TOTAL	7,861,444.	7,337,689.

=====

SCH L (1120) Line 14b

	Beg of Year	End of Year
Deferred acquisition costs	207,504.	
Deferred commissions	201,005.	707,116.
TOTAL	408,509.	707,116.

=====

(2000) Statements (Attach to your return)

QBE Insurance (International) Limited

66-0516613

SCH L (1120) Line 18d

	Beg of Year	End of Year
Accrued expenses	76,286.	85,659.
Trade creditors	21,735.	
Provision for doubtful debts		124,315.
Provision for holiday pay		21,535.
Due from other creditors		54,022.
TOTAL	98,021.	285,531.

IS OTHER DEDUCT Line 3

Administrative expenses	148,000.
Commissions	232,403.
Investment expense	679,155.
Sundries	699,142.
TOTAL	1,758,700.

QBE INSURANCE (INTERNATIONAL) LIMITED

EIN: 66-0516613

December 31, 2000

Schedule 4

Computation of Guam Net Equity Under Regs. Sec. 1.884-1
Form 1120-F, Page 5, Section III, Part I, Lines 4a and 4b

	<u>12/31/99</u>	<u>12/31/00</u>
(1) Asset Determination:		
Guam Assets	9,912,955	9,344,282
<u>Less: Interbranch Assets</u>	<u>0</u>	<u>0</u>
Guam Connected Assets	9,912,955	9,344,282
(2) Liability Determination:		
Fixed Ratio	50.000000%	50.000000%
Guam Connected Assets	9,912,955	9,344,282
Guam Connected Liabilities	4,956,478	4,672,141
<u>Reduction in Liabilities</u>	<u>0</u>	<u>0</u>
Guam Adjusted Liabilities	4,956,478	4,672,141
(3) CNMI Net Equity	<u>4,956,478</u>	<u>4,672,141</u>

QBE INSURANCE (INTERNATIONAL) LIMITED

EIN: 66-0516613

December 31, 2000

Schedule 5

Adjustments made to get Effectively Connected Earnings and Profits
Form 1120F, Page 5, Section III, Line 2

Gain on disposal of fixed assets	19,216
Depreciation	<u>12,347</u>
	<u><u>31,563</u></u>

SECTION III.—Branch Profits Tax and tax on Excess Interest (See instructions beginning on page 18.)**Part I—Branch Profits Tax**

- 1 Enter the amount from Section II, line 29
- 2 Enter total adjustments made to get effectively connected earnings and profits. (Attach a schedule showing the nature and amount of adjustments.) (See page 18 of instructions.)
- 3 Effectively connected earnings and profits. Combine line 1 and line 2. Enter the result here
- 4a Enter U.S. net equity at the end of the current tax year. (Attach schedule.) Sch 4
- 4b Enter U.S. net equity at the end of the prior tax year. (Attach schedule.) Sch 4
- 4c Increase in U.S. net equity. If line 4a is greater than or equal to line 4b, subtract line 4b from line 4a. Enter the result here and skip to line 4e
- 4d Decrease in U.S. net equity. If line 4b is greater than line 4a, subtract line 4a from line 4b. Enter the result here
- 4e Non-previously taxed accumulated effectively connected earnings and profits. Enter excess, if any, of effectively connected earnings and profits for preceding tax years beginning after 1986 over any dividend equivalent amounts for those tax years
- 5 Dividend equivalent amount. Subtract line 4c from line 3. Enter the result here. If zero or less, enter -0-. If no amount is entered on line 4c, add the lesser of line 4d or line 4e to line 3 and enter the total here
- 6 Branch profits tax. Multiply line 5 by 30% (or lower treaty rate if the corporation is a qualified resident or otherwise qualifies for treaty benefits). Enter here and include on line 3, page 1. (See page 19 of instructions.) **Also complete Items W and X below**

1	(493,442)	
2	31,563	
3	(461,879)	
4a	4,672,141	
4b	4,956,478	
4c		
4d	284,337	
4e		
5	(461,879)	
6	0	

Part II—Tax on Excess Interest

- 7a Enter the interest from Section II, line 18
- 7b Enter the interest apportioned to the effectively connected income of the foreign corporation that is capitalized or otherwise nondeductible.
- 7c Add lines 7a and 7b
- 8 Enter the branch interest (including capitalized and other nondeductible interest). (See page 19 of instructions for definition.) If the interest paid by the foreign corporation's U.S. trade or business was increased because 80% or more of the foreign corporation's assets are U.S. assets, check this box ☐
- 9a Excess interest. Subtract line 8 from line 7c. If zero or less, enter -0-.
- 9b If the foreign corporation is a bank, enter the excess interest treated as interest on deposits. Otherwise, enter -0-. (See page 19 of instructions.)
- 9c Subtract line 9b from line 9a
- 10 Tax on excess interest. Multiply line 9c by 30% or lower treaty rate (if the corporation is a qualified resident or otherwise qualifies for treaty benefits). (See page 19 of instructions.) Enter here and include on line 3, page 1. **Also complete Items W and X below**

7a	0	
7b		
7c	0	
8		
9a	0	
9b		
9c	0	
10	0	

Additional Information Required (continued from page 2)

- V Is the corporation claiming a reduction in, or exemption from, the branch profits tax due to:
- (1) A complete termination of all U.S. trades or businesses?
- (2) The tax-free liquidation or reorganization of a foreign corporation?
- (3) The tax-free incorporation of a U.S. trade or business?

Yes	No
	X
	X
	X

If (1) applies or (2) applies and the transferee is domestic, attach Form 8848. If (3) applies, attach the statement required by Regulations section 1.884-2T(d)(5).

- W Is the corporation taking a position on this return that a U.S. tax treaty overrules or modifies an Internal Revenue law of the United States thereby causing a reduction of tax?

Yes	No
	X

If "Yes," complete and attach Form 8833.

Note: Failure to disclose a treaty-based return position may result in a \$10,000 penalty (see section 6712).

- X If the corporation is claiming it is a qualified resident of its country of residence for purposes of computing its branch profits tax and excess interest tax, check the basis for that claim:

Stock ownership and base erosion test ☐

Publicly traded test ☐

Active trade or business test ☐

Private letter ruling ☐

- Y During the tax year, did the corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," attach a statement listing the name, country under whose laws the entity was organized, and EIN (if any) of each entity

Yes	No
	X

- Z During the tax year, did the corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? If "Yes," see page 20 of instructions for required attachment

ANNUAL STATEMENT FOR THE YEAR 2000 OF THE

NAIC Group Code BUSINESS IN THE STATE OF

EXHIBIT OF PREMIUMS AND LOSSES (STATUTORY PAGE 14 DATA)

SCHEDULE 2 DURING THE YEAR

NAIC Company Code

DOE INSURANCE (INTERNATIONAL) LIMITED

December 31, 2000

FIN: 00-051013

ALLIANCE (INTERNATIONAL) LIMITED

ALL0000098

BAR CODE

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		3	4	5	6	7	8	9	10	11	12
	1	2										
1. All other lines	8,928,719.00	8,928,719.00										
2. Multiple peril crop	448,844.44	1,066,048.88										
3. Farmowners multiple peril												
4. Homeowners multiple peril	418,014.44	3,880,740.00										
5. Commercial multiple peril (other than liability policies)												
6. Commercial multiple peril (liability policies)												
7. Mortgage guaranty												
8. Occurrence guaranty	2,053,896.00	1,844,246.00										
9. Medical malpractice												
10. Financial guaranty												
11. Medical malpractice												
12. Commercial liability												
13. Commercial liability												
14. Commercial liability												
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27. Commercial liability												
28. Commercial liability												
29. Commercial liability												
30. Commercial liability												
31. Commercial liability												
TOTALS (a)	8,928,719.00	8,928,719.00										
DETAILS OF WRITE-INS												
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QBE Insurance (International) Limited

EIN: 66-0516613

December 31, 2000

Schedule 7

Historical Summary of
Effectively Connected Earnings & Profits and Dividend Equivalent Amounts
Form 1120F, Page 5, Section III, Lines 3 and 5

<u>Tax Year/ Period</u>	<u>Current E&P</u>	<u>Accumulated E&P</u>	<u>Dividend Equivalent</u>	<u>Available E&P</u>
12/31/95	(180,395)			(180,395)
12/31/96	(130,641)	(180,395)		(311,036)
12/31/97	(897,802)	(311,036)		(1,208,838)
12/31/98	1,147,234	(1,208,838)	320,342	(381,946)
12/31/99	(495,420)	(381,946)		(877,366)
Total Dividend Equivalent Amounts			<u>320,342</u>	

Form **7004**

GUAM

Application for Automatic Extension of Time to File Corporation Income Tax Return

OMB No. 1545-0233

(Rev October 2000)
Department of the Treasury
Internal Revenue Service

Name of Corporation

QBE Insurance (International) Limited

Employer Identification Number

66-0516613

Number, Street, and Room or Suite Number (If a P.O. box or outside of the United States, see instructions.)

674 Harmon Loop Road

City or Town

Dededo

State ZIP Code

GU 96912

Check type of return to be filed:

☐ Form 990-C☐ Form 1120☐ Form 1120-A☐ Form 1120-F☐ Form 1120-FSC☐ Form 1120-H☐ Form 1120-L☐ Form 1120-ND☒ Form 1120-PC☐ Form 1120-POL☐ Form 1120-REIT☐ Form 1120-RIC☐ Form 1120S☐ Form 1120-SF

• Form 1120-F filers: Check here if the foreign corporation does not maintain an office or place of business in the United States ☐

1 Request for Automatic Extension (see instructions)

a **Extension date.** I request an automatic 6-month (or, for certain corporations, 3-month) extension of time until Sep 17, 2001, to file the income tax return of the corporation named above for ☒ calendar year 2000 or ☐ tax year beginning _____, and ending _____, 2001.

b **Short tax year.** If this tax year is for less than 12 months, check reason:

☐ Initial return☐ Final return☐ Change in accounting period☐ Consolidated return to be filed**2 Affiliated group members (see instructions).** If this application also covers subsidiaries to be included in a consolidated return, provide the following information:

Name and address of each member of the affiliated group	Employer ID number	Tax period

3 Tentative tax (see instructions)

3

6,000.

4 Payments and refundable credits: (see instructions)

a Overpayment credited from prior year

4a 144,694.

b Estimated tax payments for the tax year

4b 110,000.

c Less refund for the tax year applied for on Form 4466

4c

Bal

4d

254,694.

e Credit for tax paid on undistributed capital gains (Form 2439)

4e

f Credit for federal tax on fuels (Form 4136)

4f

0.

5 Total. Add lines 4d through 4f (see instructions)

5

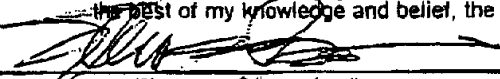
254,694.

6 Balance due. Subtract line 5 from line 3. Deposit this amount using the Electronic Federal Tax Payment System (EFTPS) or with a Federal Tax Deposit (FTD) Coupon (see instructions)

6

0.

Signature — Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief, the statements made are true, correct, and complete.



(Signature of Officer or Agent)

ERNST & YOUNG LLP

231 Ypao Road

03/13/01

(Date)

BAA For Paperwork Reduction Act Notice, see separate instruction

Form 7004 (Rev 10-2000)

Ernst & Young Building Suite 201
Tunung, Guam 96911
Tel (671) 649-3700 Fax (671) 649-3920

QBE INSURANCE (INTERNATIONAL) LIMITED

EIN: 66-0516613

December 31, 2000

Schedule 9

Form 1120-PC, Page 8, Schedule M-1, Line 8b

Gain on disposal of fixed assets	18,692
Unearned Premium	351,272
Investment Income	<u>39,774</u>
	<u><u>409,738</u></u>

1st Quarter Estimated Tax 2000

\$110,000.00

BANK OF HAWAII
TAMUNING BRANCH
TAMUNING, GU 96911

037

101-501

QBE INSURANCE (INTERNATIONAL) LIMITED

A.C.N. 000000948

PARAOCEANA BUSINESS CENTER

874 HARMON LOOP ROAD 871-635-2823

DEDEDO, GUAM 96912

DATE

04/17/00

AMOUNT

\$110,000

*****One Hundred ~~Thousand~~ Thousand and 00/100*****

Treasurer Of Guam

Pmt for 2000 Estimated Tax

#003770# 121405018# 0031-032148#

Please attach Original Copy to Form W-1, 4277, 1120 or 1040

GUAM DEPOSITARY RECEIPT

ORIGINAL

FOR INCOME TAX WITHHELD ON WAGES, 30% WITHHOLDING SEC. 1441 OR CORPORATE ESTIMATED TAX

NOTICE TO TAXPAYERS

FILL IN ALL ITEMS BELOW BEFORE MAKING DEPOSIT SEE INSTRUCTIONS

TOTAL TAXES	
DOLLARS	CENTS
\$110,000	00

Enter amount to
be depositedEMPLOYER'S IDENTIFICATION NUMBER
66-0516613Enter your employer's
identification number

CHECK ONE

- ☐ Income tax withholding on wages
☐ 30% Withholding Sec. 1441

☒ Corporate Estimated Tax

TYPE OR PRINT NAME AND ADDRESS OF EMPLOYER

QBE INSURANCE (INTERNATIONAL) LIMITED
SUITE 216 PARAOCEANA BUSINESS CENTER
HARMON LOOP RD. DEDEDO, GUAM 96912

WRITE IN
TAX YEAR

2 0 0 0

CHECK ONE
TAX PERIOD

- ☒ 1st Qtr.
☐ 2nd Qtr.
☐ 3rd Qtr.
☐ 4th Qtr.

FOR USE BY BANK
RECEIPTS VALIDATED AND DEPOSIT CREDITED IN
ACCOUNT OF TREASURER OF GUAM.

APR 17 2000

AFTER YOU RECEIVE THE VALIDATED RECEIPT FROM THE BANK, USE IT IN PAYMENT OF TAXES YOU
REPORT ON FORMS W-1, 4277, 1120 or 1040 TO THE GUAM COMMISSIONER OF REVENUE AND TAXATION

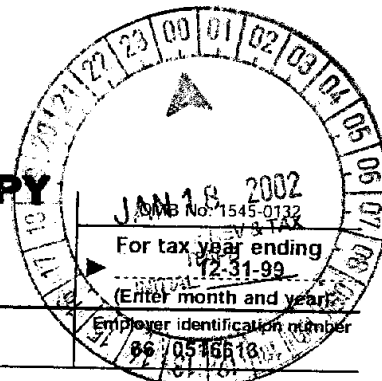
Filed 03/04/2004

Page 43 of 138

FORM 500 (REV. 3/94)

Form **1120X**
(Rev. April 1999)
Department of the Treasury
Internal Revenue Service

TAXPAYER'S COPY
Amended U.S. Corporation
Income Tax Return



Please Type or Print	Name QBE INSURANCE (INTERNATIONAL) LIMITED	Telephone number (optional) ()
	Number, street, and room or suite no. (If a P.O. box, see instructions.) 674 HARMON LOOP ROAD	
	City or town, state, and ZIP code DEDEDO, GU 96912	
	Enter name and address used on original return (If same as above, write "Same.") SAME	

Internal Revenue Service Center
where original return was filed **GUAM, DEPARTMENT OF REVENUE AND TAX**

Fill in Applicable Items and Use Part II To Explain Any Changes

Part I	Income and Deductions (See instructions.)	(a) As originally reported or as previously adjusted	(b) Net change (increase or decrease—explain in Part II)	(c) Correct amount
1	Total income (Form 1120 or 1120-A, line 11)	3596098	0	3596098
2	Total deductions (total of lines 27 and 29c, Form 1120, or lines 23 and 25c, Form 1120-A)	2347300	493442	2840742
3	Taxable income. Subtract line 2 from line 1	1248798	493442	755356
4	Tax (Form 1120, line 31, or Form 1120-A, line 27)	424591	167770	256821

Payments and Credits (See instructions.)

5a	Overpayment in prior year allowed as a credit	4843		4843
b	Estimated tax payments	549000		549000
c	Refund applied for on Form 4466			
d	Subtract line 5c from the sum of lines 5a and 5b	553843		553843
e	Tax deposited with Form 7004			
f	Credit from Form 2439- <i>CREDIT FOR PRIOR YEAR MINIMUM TAX</i>	15442		15442
g	Credit for Federal tax on fuels			
6	Tax deposited or paid with (or after) the filing of the original return			0
7	Add lines 5d through 6, column (c)			569285
8	Overpayment, if any, as shown on original return or as later adjusted			144694
9	Subtract line 8 from line 7			424591

Tax Due or Refund

10	Tax due. Subtract line 9 from line 4, column (c). If paying by check, make it payable to the "United States Treasury" (see instructions)	
11	Refund. Subtract line 4, column (c), from line 9	167770

Please Sign Here	Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature of officer <i>[Signature]</i>	Date 01/14/02	Title
Paid Preparer's Use Only	Preparer's signature <i>[Signature]</i>	Date 1/4/02	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed) and address J. SCOTT MAGUARI & COMPANY	EIN 66-0572328	Preparer's social security no. 303-64-6413
	P.O. BOX 12734, TAMUNING, GU	ZIP code 96931	

For Paperwork Reduction Act Notice, see instructions on page 4.

Cat. No. 11530Z

Form **1120X** (Rev. 4-99)

Part II **Explanation of Changes to Items in Part I** (Enter the line number from page 1 for the items you are changing, and give the reason for each change. Show any computation in detail. Attach additional sheets if necessary. Also, see **What To Attach** on page 3 of the instructions.)

If the change is due to a net operating loss carryback, a capital loss carryback, or a general business credit carryback, see **Carryback Claims** on page 3, and check here ☒

The return is being amended in order to carryback the net operating loss incurred in the taxable year ended December 31, 2000, to taxable year ended December 31, 1999 in accordance with internal revenue code section 1212.

Page 1, Line 2. Total deduction is increase by \$493,442 representing the loss from taxable year December 31, 2000 carried back.

Page 1. Line 3, Taxable income decrease is consistent with the increase on line 2 reported

Page 1. Line 4, Tax decrease is consistent with the decrease on line 3, reported.

Form **1120-PC****U.S. Property and Casualty Insurance Company
Income Tax Return**

OMB No. 1545-1027

Department of the Treasury
Internal Revenue ServiceFor calendar year 1999, or tax year beginning 1999, and ending 1999.
▶ **Instructions are separate. See page 18 for Paperwork Reduction Act Notice.****1999****A** Check applicable box if an election has been made under section(s):(1) ☐ 953(c)(3)(C)(2) ☐ 953(d)

Please type or print

Name

QBE INSURANCE (INT'L.) LIMITED

Number and street, and room or suite no. (If a P.O. box, see page 5 of Instructions)

674 HARMON LOOP ROAD

City or town, state, and ZIP code

DEDEDO, GU 96912**B** Employer identification number**66 0516613****C** Date incorporated**OCTOBER 1, 1986****D** Check if a consolidated return (Attach Form 851) ☐**E** Check if: (1) ☐ Final return (2) ☐ Change of address (3) ☒ Amended return

Tax Computation and Payments

1	Taxable income (Schedule A, line 37)	1	755356
2	Taxable investment income for electing small companies (Schedule B, line 21)	2	
3	Check if a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/> Important: Members of a controlled group, see instructions on page 6.		
a	If the box on line 3 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ (2) \$ (3) \$		
b	Enter the corporation's share of: (1) additional 5% tax (not to exceed \$11,750) \$ (2) additional 3% tax (not to exceed \$100,000) \$		
4	Income tax	4	256821
5	Enter amount of tax that a reciprocal must include	5	
6	Total. Add lines 4 and 5	6	256821
7a	Foreign tax credit (attach Form 1118)	7a	
7b	Other credits (see page 7 of instructions)	7b	
c	General business credit. Enter here and check which forms are attached: <input type="checkbox"/> 3800 <input type="checkbox"/> 3468 <input type="checkbox"/> 5884 <input type="checkbox"/> 6478 <input type="checkbox"/> 6765 <input type="checkbox"/> 8586 <input type="checkbox"/> 8830 <input type="checkbox"/> 8826 <input type="checkbox"/> 8835 <input type="checkbox"/> 8844 <input type="checkbox"/> 8845 <input type="checkbox"/> 8846 <input type="checkbox"/> 8820 <input type="checkbox"/> 8847 <input type="checkbox"/> 8861	7c	
d	Credit for prior year minimum tax (attach Form 8827)	7d	15442
e	Total credits. Add lines 7a through 7d.	7e	15442
8	Subtract line 7e from line 6	8	241379
9	Foreign corporations—Tax on income not connected with U.S. business	9	
10	Personal holding company tax (attach Schedule PH (Form 1120))	10	
11	Recapture taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611	11	
12	Alternative minimum tax (attach Form 4626)	12	
13	Add lines 8 through 12	13	241379
14	Qualified zone academy bond credit (attach Form 8860)	14	
15	Total tax. Subtract line 14 from line 13	15	241379
16a	1998 overpayment credited to 1999	16a	4843
b	Prior year(s) special estimated tax payments to be applied	16b	
c	1999 estimated tax payments (See instructions)	16c	549000
d	1999 special estimated tax payments (Do not include on line 16f)	16d	
e	1999 refund applied for on Form 4466	16e	
f	Enter the total of lines 16a through 16c less line 16e	16f	553843
g	Tax deposited with Form 7004	16g	
h	Credit by reciprocal for tax paid by attorney-in-fact under section 835(d)	16h	
i	Other credits and payments	16i	
16j		16j	553843
17	Estimated tax penalty (see page 8 of instructions). Check if Form 2220 is attached <input type="checkbox"/>	17	
18	TAX DUE. If line 16j is smaller than the total of lines 15 and 17, enter AMOUNT OWED	18	
19	OVERPAYMENT. If line 16j is larger than the total of lines 15 and 17, enter AMOUNT OVERPAID	19	312464
20	Enter amount of line 19 you want: Credited to 2000 estimated tax ▶ \$144694 Refunded ▶	20	167770

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Title

Paid**Preparer's Use Only**

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or yours if self-employed) and address

**J. SCOTT MAGLIARI & COMPANY
P.O. Box 12734, Tamuning, GU**

EIN

303-64-6413

ZIP code

66 0572328 96931

Cat. No. 64270Q

Form **1120-PC** 1999

Schedule A Taxable Income—Section 832 (See page 8 of instructions.)

Income	1	Premiums earned (Schedule E, line 7)	1	2958649
	2	Dividends (Schedule C, line 14)	2	
			(a) Interest received	(b) Amortization of premium
	3a	Gross interest	350140	
	b	Interest exempt under section 103		
	c	Subtract line 3b from line 3a	350140	
	d	Taxable interest. Subtract line 3c, column (b) from line 3c, column (a)	3d	350140
	4	Gross rents	4	
	5	Gross royalties	5	
	6	Capital gain net income (attach Schedule D (Form 1120))	6	
	7	Net gain or (loss) (Form 4797, Part II, line 18, (attach Form 4797))	7	(4800)
	8	Certain mutual fire or flood insurance company premiums (Section 832(b)(1)(D))	8	
	9	Income on account of special income and deduction accounts	9	
	10	Income from protection against loss account (See instructions)	10	
11	Mutual interinsurers or reciprocal underwriters—decrease in subscriber accounts	11		
12	Income from a special loss discount account (attach Form 8816)	12		
13	Other income (attach schedule)	13	292109	
14	Gross income. Add lines 1 through 13	14	3596098	
Deductions (See instructions for limitations on deductions)	15	Compensation of officers (attach schedule) (See page 9 of instructions)	15	
	16	Salaries and wages (less employment credits)	16	
	17	Agency balances and bills receivable that became worthless during the tax year	17	
	18	Rents	18	
	19	Taxes and licenses	19	
	20a	Interest	b Less tax-exempt interest exp.	c Bal.
	21	Charitable contributions (see page 10 of instructions for 10% limitation)	21	1358
	22	Depreciation (attach Form 4562)	22	39264
	23	Depletion	23	
	24	Pension, profit-sharing, etc., plans	24	
	25	Employee benefit programs	25	
	26	Losses incurred (Schedule F, line 14)	26	593298
	27	Additional deduction (attach Form 8816)	27	
	28	Other capital losses (Schedule G, line 12, column (g))	28	
	29	Dividends to policyholders	29	
	30	Mutual interinsurers or reciprocal underwriters—increase in subscriber accounts	30	
	31	Other deductions (See page 11 of instructions) (attach schedule)	31	1696130
	32	Total deductions. Add lines 15 through 31	32	2330050
	33	Subtotal. Subtract line 32 from line 14	33	1266048
	34a	Special deduction for section 833 organizations (Schedule H, line 6)	34a	
	b	Deduction on account of special income and deduction accounts	34b	
	c	Total. Add lines 34a and 34b	34c	
	35	Subtotal. Subtract line 34c from line 33	35	1266048
36a	Dividends-received deduction (Schedule C, line 25)	36a		
b	Net operating loss deduction SCH (1)	36b	510692	
c	Total. Add lines 36a and 36b	36c	510692	
37	Taxable income (subtract line 36c from line 35). Enter here and on page 1, line 1	37	755356	

Schedule B Part I—Taxable Investment Income of Electing Small Companies—Section 834 (See page 13 of instructions.)

		(a) Interest received	(b) Amortization of premium		
Income	1a Gross interest				
	b Interest exempt under section 103				
	c Subtract line 1b from line 1a				
	d Taxable interest. Subtract line 1c, column (b) from line 1c, column (a)			1d	
	2 Dividends (Schedule C, line 14)			2	
	3 Gross rents			3	
	4 Gross royalties			4	
	5 Gross income from a trade or business, other than an insurance business, and from Form 4797			5	
	6 Income from leases described in sections 834(b)(1)(B) and 834(b)(1)(C)			6	
	7 Gain from Schedule D (Form 1120), line 13			7	
	8 Gross investment income. Add lines 1d through 7			8	
Deductions	9 Real estate taxes			9	
	10 Other real estate expenses			10	
	11 Depreciation (attach Form 4562)			11	
	12 Depletion			12	
	13 Trade or business deductions as provided in section 834(c)(8) (attach schedule)			13	
	14 Interest			14	
	15 Other capital losses (Schedule G, line 12, column (g))			15	
	16 Total. Add lines 9 through 15.			16	
	17 Investment expenses (attach schedule).			17	
	18 Total deductions. Add lines 16 and 17.			18	
	19 Subtract line 18 from line 8			19	
	20 Dividends-received deduction (Schedule C, line 25)			20	
21 Taxable investment income. Subtract line 20 from line 19. Enter here and on page 1, line 2			21		

Part II—Invested Assets Book Values

(Complete only if claiming a deduction for general expenses allocated to investment income.)

		(a) Beginning of tax year	(b) End of tax year
22	Real estate	22	
23	Mortgage loans	23	
24	Collateral loans	24	
25	Policy loans, including premium notes	25	
26	Bonds of domestic corporations	26	
27	Stock of domestic corporations	27	
28	Government obligations, etc.	28	
29	Bank deposits bearing interest	29	
30	Other interest-bearing assets (attach schedule)	30	
31	Total. Add lines 22 through 30.	31	
32	Add columns (a) and (b), line 31		32
33	Mean of invested assets for the tax year. Enter one-half of line 32		33
34	Multiply line 33 by .0025		34
35	Income base. Line 1b, column (a) plus line 8 less the sum of line 1b, column (b) and line 16	35	
36	Multiply line 33 by .0375	36	
37	Subtract line 36 from line 35. Do not enter less than zero	37	
38	Multiply line 37 by .25		38
39	Limitation on deduction for investment expenses. Add lines 34 and 38.		39

Schedule C Dividends and Special Deductions
(See page 13 of instructions.)

		Dividends-Received	
		(a) Subject to section 832(b)(5)(B)	(b) Total dividends-received
Income			
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	1	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	2	
3	Dividends on debt-financed stock of domestic and foreign corporations	3	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	4	
5	Dividends on certain preferred stock of 20%-or-more- owned public utilities	5	
6	Dividends on stock of certain less-than-20%-owned foreign corporations and certain FSCs	6	
7	Dividends on stock of certain 20%-or-more-owned foreign corporations and certain FSCs	7	
8	Dividends on stock of wholly owned foreign subsidiaries and FSCs	8	
9	Dividends from affiliated companies	9	
10	Other dividends from foreign corporations not included on lines 6, 7, and 8.	10	
11	Income from controlled foreign corporations under subpart F (attach Forms 5471)	11	
12	Foreign dividend gross-up (section 78)	12	
13	Other dividends (attach schedule)	13	
14	Total dividends. Add lines 1 through 13. Enter here and on Schedule A, line 2, or Schedule B, line 2, whichever applies	14	
		Dividends-Received Deduction	
		(a) Subject to section 832(b)(5)(B)	(b) Total dividends-received deduction
15	Multiply line 1 by 70%	15	
16	Multiply line 2 by 80%	16	
17	Deduction for line 3 (see page 14 of instructions)	17	
18	Multiply line 4 by 42%	18	
19	Multiply line 5 by 48%	19	
20	Multiply line 6 by 70%	20	
21	Multiply line 7 by 80%	21	
22	Enter the amount from line 8.	22	
23	Total. Add lines 15 through 22. (See page 14 of instructions for limitation.)	23	
24	Total. Add line 23, column (a), and line 9, column (a). Enter here and on Schedule F, line 10	24	
25	Total deductions. Add line 23, column (b), and line 9, column (b). Enter here and on Schedule A, line 36a, or Schedule B, line 20, whichever applies	25	

Schedule E Premiums Earned—Section 832 (See page 15 of instructions.)

1	Net premiums written		1	2816112
2	Unearned premiums on outstanding business at the end of the preceding tax year:			
a	Enter 100% of life insurance reserves included in unearned premiums (section 832(b)(7)(A)) and all unearned premiums of section 833 organizations	2a		
b	Enter 90% of unearned premiums attributable to insuring certain securities	2b		
c	Discounted unearned premiums attributable to title insurance	2c		
d	Enter 80% of all other unearned premiums	2d	1414188	
e	Total. Add lines 2a through 2d	2e		1414188
3	Total. Add lines 1 and 2e	3		4230300
4	Unearned premiums on outstanding business at the end of the current tax year:			
a	Enter 100% of life insurance reserves included in unearned premiums (section 832(b)(7)(A)) and all unearned premiums of section 833 organizations	4a		
b	Enter 90% of unearned premiums attributable to insuring certain securities	4b		
c	Discounted unearned premiums attributable to title insurance	4c		
d	Enter 80% of all other unearned premiums	4d	1271651	
e	Total. Add lines 4a through 4d	4e		1271651
5	Subtract line 4e from line 3	5		2958649
6	Transitional adjustments under section 832(b)(7)(D). (See page 15 of instructions.)	6		
7	Premiums earned. Add lines 5 and 6. Enter here and on Schedule A, line 1.	7		2958649

Schedule F Losses Incurred—Section 832 (See page 15 of instructions.)

1	Losses paid during the tax year (attach schedule).		1	1031126
2	Balance outstanding at the end of the current tax year for:			
a	Unpaid losses on life insurance contracts	2a		
b	Discounted unpaid losses	2b	1583059	
c	Total. Add lines 2a and 2b	2c		1583059
3	Add lines 1 and 2c	3		2614185
4	Balance outstanding at the end of the preceding tax year for:			
a	Unpaid losses on life insurance contracts	4a		
b	Discounted unpaid losses	4b	2020887	
c	Total. Add lines 4a and 4b	4c		2020887
5	Subtract line 4c from line 3	5		593298
6	Estimated salvage and reinsurance recoverable at the end of the preceding tax year	6		
7	Estimated salvage and reinsurance recoverable at the end of the current tax year	7		
8	Losses incurred (line 5 plus line 6 less line 7)	8		593298
9	Tax-exempt interest subject to section 832(b)(5)(B)	9		
10	Dividends-received deduction subject to section 832(b)(5)(B) (Schedule C, line 24)	10		
11	The increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F)	11		
12	Total. Add lines 9, 10 and 11.	12		
13	Reduction of deduction under section 832(b)(5)(B). Multiply line 12 by .15	13		
14	Losses incurred deductible under section 832(c)(4). Subtract line 13 from line 8. Enter here and on Schedule A, line 26.	14		593298

Schedule G Other Capital Losses (See page 16 of instructions.)

(Capital assets sold or exchanged to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders.)

1	Dividends and similar distributions paid to policyholders		1	
2	Losses paid		2	
3	Expenses paid		3	
4	Total. Add lines 1, 2, and 3		4	
Note: Adjust lines 5 through 8 to cash method if necessary.				
5	Interest received		5	
6	Dividends received (Schedule C, line 14)		6	
7	Gross rents, gross royalties, lease income, etc., and gross income from a trade or business other than an insurance business including income from Form 4797 (Include gains for invested assets only)		7	
8	Net premiums received		8	
9	Total. Add lines 5 through 8		9	
10	Limitation on gross receipts from sales of capital assets. Subtract line 9 from line 4. If zero or less, enter -0-		10	

(a) Description of capital asset	(b) Date acquired	(c) Gross sales price	(d) Cost or other basis	(e) Expense of sale	(f) Depreciation allowed (or allowable)	(g) Loss (d) plus (e) less the sum of (c) and (f)
11						
12	Totals—column (c) must not be more than line 10. (Enter amount from column (g): in Schedule A, line 28, or Schedule B, line 15, whichever applies)					

Schedule H Special Deduction And Ending Adjusted Surplus for Section 833 Organizations (See page 16 of instructions.)

1	Health care claims incurred during the tax year and liabilities incurred during the taxable year under cost-plus contracts		1	
2	Expenses incurred during the tax year in connection with the administration, adjustment, or settlement of health care claims or in connection with the administration of cost-plus contracts		2	
3	Total. Add lines 1 and 2		3	
4	Multiply line 3 by .25		4	
5	Beginning adjusted surplus		5	
6	Special deduction. Subtract line 5 from line 4. If zero or less, enter -0-. Enter here and on Schedule A, line 34a. (See page 16 of instructions for limitation.)		6	
7	Net operating loss deduction (Schedule A, line 36b)		7	
8	Net exempt income:			
a	Adjusted tax-exempt income		8a	
b	Adjusted dividends-received deduction		8b	
9	Taxable income (Schedule A, line 37)		9	
10	Ending adjusted surplus. Add lines 5 through 9		10	

Schedule I Other Information (See page 16 of instructions.)

	Yes	No		Yes	No
1 Check method of accounting:			7 Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.)		X
a <input type="checkbox"/> Cash			If "Yes," attach Form 5471 for each such corporation.		
b <input checked="" type="checkbox"/> Accrual			Enter number of Forms 5471 attached		
c <input type="checkbox"/> Other (specify) ▶			8 At any time during the 1999 calendar year, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank, securities, or other financial accounts)? If "Yes," the corporation may have to file Form TD F 90-22.1.)		X
2 Check box for kind of company:			If "Yes," enter the name of the foreign country.		
a <input type="checkbox"/> Mutual			9 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520		X
b <input checked="" type="checkbox"/> Stock			10 Has the corporation elected to use its own payout pattern for discounting unpaid losses and unpaid loss adjustment expenses?		X
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)		X	11a Enter the total unpaid losses shown on the corporation's annual statement:		
If "Yes," attach a schedule showing:			(1) for the current tax year: \$	1583059	
(a) name and identification number;			(2) for the previous tax year: \$	2020887	
(b) percentage owned; and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.			b Enter the total unpaid loss adjustment expenses shown on the corporation's annual statement:		
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?		X	(1) for the current tax year: \$		
If "Yes," enter employer identification number and name of the parent corporation ▶			(2) for the previous tax year: \$		
5 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)		X	12 Does the corporation discount any of the loss reserves shown on its annual statement?		X
If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.)			13 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$		
Enter percentage owned ▶			14 If the corporation has an NOL for the tax year and is electing to forgo the carryback period, check here		<input type="checkbox"/>
6 At anytime during the tax year, did one foreign person own, directly or indirectly, at least 25% of:		X	15 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 36b, Schedule A.) ▶ \$	510692	
(a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes,"					
a Enter percentage owned ▶					
b Enter owner's country ▶					
c The corporation may have to file Form 5472. Enter number of Forms 5472 attached ▶					

Form 1120-PC 1999

Schedule L Balance Sheets per Books (All filers are required to complete this schedule.)

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		168182		206617
2a Trade notes and accounts receivable				
b Less allowance for bad debts	()		()	
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see page 17 of instructions)				
6 Other current assets (attach schedule)		999891		1375422
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)		6187043		7861444
10a Buildings and other depreciable assets	245875		230985	
b Less accumulated depreciation	(152549)	93326	(170022)	60963
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization	()		()	
14 Other assets (attach schedule)		429332		408509
15 Total assets		7877774		9912955
Liabilities and Shareholders' Equity				
16 Accounts payable		1705642		3140480
17 Mortgages, notes, bonds payable in less than 1 year				
18 Insurance liabilities (See page 17 of instructions)		3788622		3172623
19 Other current liabilities (attach schedule)		187059		98021
20 Loans from shareholders				
21 Mortgages, notes, bonds payable in 1 year or more				
22 Other liabilities (attach schedule)				
23 Capital stock: a Preferred stock				
b Common stock				
24 Additional paid-in capital		3377699		3398681
25 Retained earnings—Appropriated (attach schedule)				
26 Retained earnings—Unappropriated		(1181248)		103150
27 Adjustments to shareholders' equity (attach schedule)				
28 Less cost of treasury stock		()		()
29 Total liabilities and shareholders' equity		7877774		9912955

Schedule M-1 Reconciliation of Income (Loss) per Books with Income per Return (See page 17 of instructions.)
(The corporation is not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income (loss) per books	1284398	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax		a Tax-exempt interest \$	35634
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize)	1730	B Deductions in this tax return not charged against book income this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)	7684	a Depreciation \$	
a Depreciation \$		b Contributions carryover \$	1358
b Contributions carryover \$			
c Travel and entertainment \$	9228	9 Add lines 7 and 8	36992
	16912	10 Income (Schedule A, line 35)—subtract line 9 from line 6	1266048
6 Add lines 1 through 5	1303040		

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (line 26, Schedule L)

1 Balance at beginning of year	(1181248)	5 Distributions:	
2 Net income (loss) per books	1284398	a Cash	
3 Other increases (itemize)		b Stock	
		c Property	
		6 Other decreases (itemize)	
		7 Add lines 5 and 6	
4 Add lines 1, 2, and 3	103150	8 Balance at end of year (subtract line 7 from line 4)	103150



Form **4626****Alternative Minimum Tax—Corporations**

OMB No. 1545-0175

Department of the Treasury
Internal Revenue Service▶ See separate instructions.
▶ Attach to the corporation's tax return.**1999**

Name

QBE INSURANCE (INTERNATIONAL) LIMITED

Employer identification number

66 : 0516613

1	Taxable income or (loss) before net operating loss deduction	1	1266048
2	Adjustments and preferences:		
a	Depreciation of post-1986 property	2a	514
b	Amortization of certified pollution control facilities	2b	
c	Amortization of mining exploration and development costs	2c	
d	Amortization of circulation expenditures (personal holding companies only)	2d	
e	Adjusted gain or loss	2e	(10210)
f	Long-term contracts	2f	
g	Installment sales	2g	
h	Merchant marine capital construction funds	2h	
i	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2i	
j	Tax shelter farm activities (personal service corporations only)	2j	
k	Passive activities (closely held corporations and personal service corporations only)	2k	
l	Loss limitations	2l	
m	Depletion	2m	
n	Tax-exempt interest from specified private activity bonds	2n	
o	Intangible drilling costs	2o	
p	Accelerated depreciation of real property (pre-1987)	2p	
q	Accelerated depreciation of leased personal property (pre-1987) (personal holding companies only)	2q	
r	Other adjustments	2r	
s	Combine lines 2a through 2r	2s	(9696)
3	Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 and 2s	3	1256352
4	Adjusted current earnings (ACE) adjustment:		
a	Enter the corporation's ACE from line 10 of the worksheet on page 11 of the instructions	4a	1256352
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see examples on page 6 of the instructions)	4b	0
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c	0
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see page 6 of the instructions). Note: You must enter an amount on line 4d (even if line 4b is positive).	4d	227
e	ACE adjustment: • If you entered a positive number or zero on line 4b, enter the amount from line 4c here as a positive amount. • If you entered a negative number on line 4b, enter the smaller of line 4c or line 4d here as a negative amount.	4e	0
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe alternative minimum tax	5	1256352
6	Alternative tax net operating loss deduction (see page 7 of the instructions)	6	110025
7	Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see page 7 of the instructions	7	1146327

For Paperwork Reduction Act Notice, see page 10 of separate instructions.

Cat. No. 129551

Form **4626** (1999)

8	Enter the amount from line 7 (alternative minimum taxable income)	8	1146327
9	Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c):		
a	Subtract \$150,000 from line 8 (if you are completing this line for a member of a controlled group, see page 7 of the instructions). If zero or less, enter -0-	9a	
b	Multiply line 9a by 25% (.25).	9b	
c	Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see page 7 of the instructions). If zero or less, enter -0-	9c	0
10	Subtract line 9c from line 8. If zero or less, enter -0-	10	1146327
11	Multiply line 10 by 20% (.20).	11	229265
12	Alternative minimum tax foreign tax credit. See page 7 of the instructions	12	
13	Tentative minimum tax. Subtract line 12 from line 11.	13	229265
14	Regular tax liability before all credits except the foreign tax credit and possessions tax credit	14	256821
15	Alternative minimum tax. Subtract line 14 from line 13. Enter the result on the appropriate line of the corporation's Income tax return (e.g., Form 1120, Schedule J, line 9). If zero or less, enter -0-	15	0

Form 4626 (1999)



Credit For Prior Year Minimum Tax—Corporations

OMB No. 1545-1257

1999

▶ Attach to the corporation's tax return.

Name QBE INSURANCE (INTERNATIONAL) LIMITED		Employer identification number 66:0516613	
1	Alternative minimum tax (AMT) for 1998. Enter the amount from line 15 of the 1998 Form 4626	1	15442
2	Minimum tax credit carryforward from 1998. Enter the amount from line 9 of the 1998 Form 8827	2	
3	Enter the total of any 1998 unallowed nonconventional source fuel credit and 1998 unallowed qualified electric vehicle credit. See instructions	3	
4	Add lines 1, 2, and 3	4	15442
5	Enter the corporation's 1999 regular income tax liability minus allowable tax credits. See instructions	5	256821
6	If the corporation is: • A "small corporation" exempt from the AMT for 1999, and line 5 is \$25,000 or less, enter -0-. See instructions. • A "small corporation" exempt from the AMT for 1999, and line 5 is more than \$25,000, enter 25% (.25) of the excess. • Not a "small corporation" exempt from the AMT for 1999, complete Form 4626 for 1999 and enter the tentative minimum tax from line 13	6	229265
7	Subtract line 6 from line 5. If zero or less, enter -0-	7	27556
8	Minimum tax credit. Enter the smaller of line 4 or line 7. Also enter this amount on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 4e). If the corporation had a post-1986 ownership change or has pre-acquisition excess credits, see instructions.	8	15442
9	Minimum tax credit carryforward to 2000. Subtract line 8 from line 4. See instructions.	9	0

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Form 8827 is used by corporations to figure the minimum tax credit, if any, for AMT incurred in prior tax years and to figure any minimum tax credit carryforward.

Who Should File

Form 8827 should be filed by corporations that had:

- An AMT liability in 1998;
- A minimum tax credit carryforward from 1998 to 1999; or
- A nonconventional source fuel credit or a qualified electric vehicle credit not allowed for 1998 (see the instructions for line 3).

Specific Instructions**Line 3**

Enter the total of any nonconventional source fuel credit and qualified electric vehicle credit not allowed for 1998 solely

because of the limitations under sections 29(b)(6)(B) and 30(b)(3)(B).

Line 5

Enter the corporation's 1999 regular income tax liability (as defined in section 26(b)) minus any credits allowed under Subchapter A, Part IV, subparts B, D, E, and F of the Internal Revenue Code (e.g., if you are filing Form 1120, subtract any credits on Schedule J, lines 4a through 4d, from the amount on Schedule J, line 3).

Line 6

See the 1999 Instructions for Form 4626 to find out if the corporation is treated as a "small corporation" exempt from the AMT. If the corporation is a "small corporation" exempt from the AMT, see section 38(c)(3) before completing line 6 for special rules that apply to controlled corporate groups, regulated investment companies, and real estate investment trusts.

Line 8

If the corporation had a post-1986 ownership change (as defined in section 382(g)), the amount of pre-change

minimum tax credits that can be applied against the corporation's tax for any tax year ending after the ownership change may be limited. See section 383 and the related regulations. To figure the amount of the pre-change credit, the corporation must allocate the credit for the change year between the pre-change period and the post-change period. The corporation must use the same method of allocation (ratable allocation or closing-of-the-books) for purposes of sections 382 and 383. See Regulations section 1.382-6 for details.

Also, pre-acquisition excess credits of one corporation generally cannot be used to offset the tax attributable to recognized built-in gains of another corporation. See section 384 for details.

If either limit applies, attach a computation of the minimum tax credit allowed. Enter that amount on line 8. Write "Sec. 383" or "Sec. 384" on the dotted line to the left of the line 8 entry space.

Line 9

Keep a record of this amount to carry forward and use in future years.

Depreciation and Amortization (Including Information on Listed Property)

OMB No. 1545-0172

1999

67

Department of the Treasury
Internal Revenue Service (99)

See instructions.
Attach this form to your return.

Name(s) Shown on Return

Business or Activity to Which This Form Relates

Identifying Number

CBE Insurance (International) Limited

Insurance

66-0516613

Part I Election to Expense Certain Tangible Property (Section 179)

(Note: If you have any 'listed property,' complete Part V before you complete Part I.)

1	Maximum dollar limitation. If an enterprise zone business, see instructions	1	\$19,000.
2	Total cost of Section 179 property placed in service. See instructions	2	23,915.
3	Threshold cost of Section 179 property before reduction in limitation	3	\$200,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	19,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
13	Power blackout buster	1,716.	1,716.
See Additional Section 179 Property Statement			17,284.
7	Listed property. Enter amount from line 27	7	
8	Total elected cost of Section 179 property. Add amounts in column (c), lines 6 and 7	8	19,000.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	19,000.
10	Carryover of disallowed deduction from 1998. See instructions	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	19,000.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	19,000.
13	Carryover of disallowed deduction to 2000. Add lines 9 and 10, less line 12	13	0.

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service Only During Your 1999 Tax Year
(Do Not Include Listed Property)**Section A - General Asset Account Election**

- 4 If you are making the election under Section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions ☐

Section B - General Depreciation System (GDS) (See instructions)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		4,915.	5	MQ	200DB	246.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property	06/99	785.	39 yrs	MM	S/L	11.
				MM	S/L	

Section C - Alternative Depreciation System (ADS) (See instructions)

16a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property) (See instructions)

17	GDS and ADS deductions for assets placed in service in tax years beginning before 1999	17	14,629.
18	Property subject to Section 168(f)(1) election	18	
19	ACRS and other depreciation	19	553.

Part IV Summary (See instructions)

20	Listed property. Enter amount from line 25	20	4,825.
21	Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	39,264.

22 For assets shown above and placed in service during the current year, enter

the portion of the basis attributable to Section 263A costs

Form 4797

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

1999

27

Name(s) Shown on Return

QBE Insurance (International) Limited

Identifying Number

66-0516613

- 1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1999 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 10, or 20

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions from Other Than Casualty or Theft — Property Held More Than 1 Year

2 (a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (Loss) Subtract (f) from the sum of (d) and (e)
Data Processing Equipment	Various	12/31/99	910	35380	41090	-4800

- 3 Gain, if any, from Form 4684, line 39
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824
- 6 Gain, if any, from line 32, from other than casualty or theft

3

4

5

6

- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows
- Partnerships (except electing large partnerships). Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6. Skip lines 8, 9, 11, and 12 below.

7

-4,800.

S corporations. Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7 is a gain and the S corporation is subject to the capital gains tax.

All others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions)

8

- 9 Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions)

9

S corporations. Enter any gain from line 9 on Schedule D (Form 1120S), line 14, and skip lines 11 and 12 below.

All others. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below, and enter the gain from line 9 as a long-term capital gain on Schedule D.

Part II Ordinary Gains and Losses

- 10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

- 11 Loss, if any, from line 7
- 12 Gain, if any, from line 7 or amount from line 8, if applicable
- 13 Gain, if any, from line 31
- 14 Net gain or (loss) from Form 4684, lines 31 and 38a
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824
- 17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions)
- 18 Combine lines 10 through 17. Enter the gain or (loss) here, and on the appropriate line as follows

11

-4,800.

12

13

14

15

16

17

18

-4,800.

a For all except individual returns: Enter the gain or (loss) from line 18 on the return being filed.

b For individual returns:

- (1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from Form 4797, line 18b(1). See instructions

18b(1)

- (2) Redetermine the gain or (loss) on line 18, excluding the loss, if any, on line 18b(1). Enter here also on

18b(2)

Part III Gain from Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19(a) Description of Section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D

	Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing.)	20			
21 Cost or other basis plus expense of sale	21			
22 Depreciation (or depletion) allowed or allowable	22			
23 Adjusted basis. Subtract line 22 from line 21	23			
24 Total gain. Subtract line 23 from line 20	24			
25 If Section 1245 property:				
a Depreciation allowed or allowable from line 22	25a			
b Enter the smaller of line 24 or 25a	25b			
26 If Section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to Section 291.				
a Additional depreciation after 1975 (see instrs)	26a			
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d Additional depreciation after 1969 & before 1976	26d			
e Enter the smaller of line 26c or 26d	26e			
f Section 291 amount (corporations only)	26f			
g Add lines 26b, 26e, and 26f	26g			
27 If Section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a Soil, water, and land clearing expenses	27a			
b Line 27a multiplied by applicable percentage (see instructions)	27b			
c Enter the smaller of line 24 or 27b	27c			
28 If Section 1254 property:				
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instrs)	28a			
b Enter the smaller of line 24 or 28a	28b			
29 If Section 1255 property:				
a Applicable percentage of payments excluded from income under Section 126 (see instructions)	29a			
b Enter the smaller of line 24 or 29a (see instrs)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (See instructions.)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33	
34 Recomputed depreciation. See instructions	34	
35 Recapture amount. Subtract line 34 from line 33. See instructions for where to report	35	

Form 1120, Page 1, Line 10
Other Income Statement

Foreign exchange gain on investments	290,379.
Sec. 842 investment income	1,730.
Total	<u>292,109.</u>

Form 1120, Page 1, Line 26
Other Deductions Statement

Administrative expenses	179,000.
Commissions	508,770.
Deferred acquisition costs	14,649.
Investment expense	3,997.
Sundries	989,714.
Total	<u>1,696,130.</u>

Form 1120, Page 4, Schedule L, Line 6
Ln 6 Stmt

Other Current Assets:	Beginning of tax year	End of tax year
Accrued investment income	9,938.	66,972.
Prepaid expenses	15,958.	8,359.
Prepaid income tax	94,278.	422,819.
Prepaid withholding tax	5,834.	1,920.
Sundry debtors	873,883.	875,352.
Total	<u>999,891.</u>	<u>1,375,422.</u>

Form 1120, Page 4, Schedule L, Line 9
Ln 9 Stmt

Other Investments:	Beginning of tax year	End of tax year
Investment	6,187,043.	7,861,444.
Total	<u>6,187,043.</u>	<u>7,861,444.</u>

Form 1120, Page 4, Schedule L, Line 14
Ln 14 Stmt

Other Assets:	Beginning of tax year	End of tax year
Deferred acquisition costs	211,722.	207,504.
Deferred commissions	217,610.	201,005.
Total	<u>429,332.</u>	<u>408,509.</u>

Form 1120, Page 4, Schedule L, Line 18
Ln 18 Stmt

Other Current Liabilities:	Beginning of tax year	End of tax year
Accrued expenses	73,617.	76,286.
Trade creditors	113,442.	21,735.
Total	187,059.	98,021.

Form 1120, Page 4, Schedule M-1, Line 4
Ln 4 Stmt

Sec. 842 investment income	1,730.
Total	1,730.

Form 1120, Page 4, Schedule M-1, Line 5
Ln 5 Stmt

Loss on sale of assets - book over tax	4,808.
Unclosed movement	4,420.
Total	9,228.

Form 1120, Page 4, Schedule M-1, Line 7
Ln 7 Stmt

Unearned premiums	35,634.
Total	35,634.

Form 4562, line 6
Additional Section 179 Property Statement

(a) Description of property	(b) Cost (bus use only)	(c) Elected cost
14 Matchair 45 x 53	546.	546.
2 Blackout buster/3 zip pack	406.	406.
21 Shelving & labor for installation	5,620.	5,620.
4 CD 24x IDE (OEM)	214.	214.
7 Case B2-D mini tower AT	294.	294.
7 CPU PII-350 KAL SECC2 intel	1,537.	1,537.
7 FAN SECC2 PII fan	102.	102.
7 HD 6.4GB Fujitsu Eide	1,127.	1,127.
7 KB Lite-on SK-1100P 105Key PS2 w/wristrest	160.	160.
7 MB Ampttron PII-3748LMT w/Vid/SC/FH/Net	1,025.	1,025.
7 MEM 64 MB S-DRAW (PC-100) DIMM	539.	539.
7 MSE A4tech SWW-5 advanced 3D mouse	96.	96.
8 Mntr 15" Decaview V260.28DP 1280	1,409.	1,409.
Network server - IBM	6,078.	1,163.
PII-350X 64MB NIC	3,046.	3,046.

Form 4562, line 6

Additional Section 179 Property Statement

Continued

(a) Description of property	(b) Cost (bus use only)	(c) Elected cost
Total		<u>17,284.</u>

QBE Insurance (International) Limited

EIN: 66-0516613

December 31, 1999

Schedule 5

Historical Summary of
Effectively Connected Earnings & Profits and Dividend Equivalent Amounts
Form 1120-F, Page 5, Section III, Part I, Lines 3 and 5

<u>Tax Year/ Period</u>	<u>Current E & P</u>	<u>Accumulated E & P</u>	<u>Dividend Equivalent</u>	<u>Available E & P</u>
12/31/1995	(180,395)	-	-	(180,395)
12/31/1996	(130,641)	(180,395)	-	(311,036)
12/31/1997	(897,802)	(311,036)	-	(1,208,838)
12/31/1998	1,147,234	(1,208,838)	320,342	(381,946)
Total Dividend Equivalent Amounts			<u>320,342</u>	

QBE Insurance (International) Limited
EIN: 66-0516613
December 31, 1999

Schedule 6

Computation of Guam Net Equity Under Reg. §1.884-1
Form 1120-F, Page 5, Section III, Part I, Lines 4a and 4b

	<u>12/31/98</u>	<u>12/31/99</u>
(1) ASSET DETERMINATION:		
Guam Assets	7,877,774	9,912,955
<u>Less: Interbranch Assets</u>	<u>0</u>	<u>0</u>
Guam Connected Assets	7,877,774	9,912,955
(2) LIABILITY DETERMINATION:		
FIXED RATIO	50.000000%	50.000000%
Guam Connected Assets	7,877,774	9,912,955
<u>Guam Connected Liabilities</u>	<u>3,938,887</u>	<u>4,956,478</u>
Reduction in Liabilities		0
<u>Guam Adjusted Liabilities</u>	<u>3,938,887</u>	<u>4,956,478</u>
Guam Net Equity	<u>3,938,887</u>	<u>4,956,477</u>

QBE Insurance (International) Limited

EIN: 66-0516613

December 31, 1999

Schedule 7

Adjustments to Arrive at Effectively Connected Earnings & Profits

Form 1120-F, Page 5, Section III, Part I, Line 2

Loss on sale of fixed assets	\$ (4,808)
Depreciation	(8,073)
Income tax	<u>(409,149)</u>
	<u>\$ (422,030)</u>

Net Operating Loss Summary

NOL Carryover Year	A NOL Carryover Available	B Deduction Allowed in Current Year	C Adjustment Under Section 172(b)(2)	D Remaining Carryover New Law	E Remaining Carryover Old Law
1998 2000	493,442	493,442		0	0
1997	17,250	17,250		0	0
1996					
1995					
1994					
1993					
1992					
1991					
1990					
1989					
1988					
1987					
1986					
1985					
1984					
Totals	510,692	510,692		0	0
Less: Carryover expiring due to 15-year limitation					
Add: Current year net operating loss					
Less: Carryback of current year net operating loss					
Net operating loss carryover to next year					0

CPCW7601.SCR 10/15/99

DC

U.S. Property and Casualty Insurance Company

Income Tax

OMB No. 1545-1027

1999

U.S. Treasury
Service

For calendar year 1999, or tax year beginning

Instructions are separate. See page 18 for Paperwork Reduction Act Notice.

Check applicable box if an election has been made under section(s):

- (1) ☐ 953(c)(3)(C)
(2) ☐ 953(d)

Please type or print

Name

QBE Insurance (International) Limited

Number and street, and room or suite no. (If a P.O. box, see page 5 of Instructions)

674 Harmon Loop Road

City or town, state, and ZIP code

Dededo, GU 96912

B Employer identification number

66-0516613

C Date incorporated

October 1, 1886

D Check if a consolidated return (Attach Form 851) ☐

3 Check if: (1) ☐ Final return (2) ☐ Change of address (3) ☐ Amended return

Tax Computations and Payments

1	Taxable income (Schedule A, line 37)	1	1,248,798
2	Taxable investment income for electing small companies (Schedule B, line 21)	2	
3	Check if a member of a controlled group (See sections 1561 and 1563) <input type="checkbox"/>		
Important: Members of a controlled group, see instructions on page 6.			
a	If the box on line 3 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ (2) \$ (3) \$		
b	Enter the corporation's share of (1) additional 5% tax (not to exceed \$11,750) (2) additional 3% tax (not to exceed \$100,000)		
4	Income tax	4	424,591
5	Enter amount of tax that a reciprocal must include	5	
6	Total. Add lines 4 and 5	6	424,591
7a	Foreign tax credit (attach Form 1118)	7a	
b	Other credits (See page 7 of instructions)	7b	
c	General business credit. Enter here and check which forms are attached: <input type="checkbox"/> 3800 <input type="checkbox"/> 3468 <input type="checkbox"/> 5884 <input type="checkbox"/> 6478 <input type="checkbox"/> 6765 <input type="checkbox"/> 8586 <input type="checkbox"/> 8830 <input type="checkbox"/> 8826 <input type="checkbox"/> 8835 <input type="checkbox"/> 8844 <input type="checkbox"/> 8845 <input type="checkbox"/> 8846 <input type="checkbox"/> 8820 <input type="checkbox"/> 8847 <input type="checkbox"/> 8861		
d	Credit for prior year minimum tax (attach Form 8827)	7d	15,442
e	Total credits. Add lines 7a through 7d	7e	15,442
8	Subtract line 7e from line 6	8	409,149
9	Foreign corporations — Tax on income not connected with U.S. business	9	
10	Personal holding company tax (attach Schedule PH (Form 1120))	10	
11	Recapture taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611	11	
12	Alternative minimum tax (attach Form 4626)	12	
13	Add lines 8 through 12	13	409,149
14	Qualified zone academy bond credit (attach Form 8860)	14	
15	Total tax. Subtract line 14 from line 13	15	409,149
16a	1998 overpayment credited to 1999	16a	
b	Prior year(s) special estimated tax payments to be applied	16b	
c	1999 estimated tax payments (See instructions)	16c	549,000
d	1999 special estimated tax payments (Do not include on line 16f)	16d	
e	1999 refund applied for on Form 4466	16e	
f	Enter the total of lines 16a through 16c less line 16e	16f	553,843
g	Tax deposited with Form 7004	16g	
h	Credit by reciprocal for tax paid by attorney-in-fact under section 835(d)	16h	
i	Other credits and payments	16i	
17	Estimated tax penalty (See page 8 of instructions). Check if Form 2220 is attached <input type="checkbox"/>	17	
18	TAX DUE. If line 16j is smaller than the total of lines 15 and 17, enter AMOUNT OWED	18	0
19	OVERPAYMENT. If line 16j is larger than the total of lines 15 and 17, enter AMOUNT OVERPAID	19	144,694
20	Enter amount of line 19 you want: Credited to 2000 estimated tax \$ 144,694 Refunded	20	0

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Title

Preparer's
signature

Date

Check if
self-employed ☐

Preparer's SSN or PTIN

Preparer's
Use OnlyFirm's name (or yours
if self-employed)
and address

Ernst & Young LLP

231 Ypao Rd, Ste 201, Tamuning, GU

EIN 66-0526565

ZIP code 96911

Form 1120-PC 1999

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Income	1	Premiums earned (Schedule E, line 7)	1	2,958,649
	2	Dividends (Schedule C, line 14)	2	
			(a) Interest received	(b) Amortization of premium
	3a	Gross interest	350,140	
	b	Interest exempt under section 103		
	c	Subtract line 3b from line 3a	350,140	
	d	Taxable interest. Subtract line 3c, column (b) from line 3c, column (a)	3d	350,140
	4	Gross rents	4	
	5	Gross royalties	5	
	6	Capital gain net income (attach Schedule D (Form 1120))	6	
	7	Net gain or (loss) (Form 4797, Part II, line 18, (attach Form 4797))	7	(4,800)
	8	Certain mutual fire or flood insurance company premiums (Section 832(b)(1)(D))	8	
	9	Income on account of special income and deduction accounts	9	
	10	Income from protection against loss account (See instructions)	10	
Deductions (See instructions for limitations on deductions)	11	Mutual interinsurers or reciprocal underwriters — decrease in subscriber accounts	11	
	12	Income from a special loss discount account (attach Form 8816)	12	
	13	Other income (attach schedule) Other Income Stmt	13	292,109
	14	Gross income. Add lines 1 through 13	14	3,596,098
	15	Compensation of officers (attach schedule) (See page 9 of instructions)	15	
	16	Salaries and wages (less employment credits)	16	
	17	Agency balances and bills receivable that became worthless during the tax year	17	
	18	Rents	18	
	19	Taxes and licenses	19	
	20a	Interest	b Less tax-exempt interest exp.	c Bal.
	21	Charitable contributions (See page 10 of instructions for 10% limitation)	21	1,358
	22	Depreciation (attach Form 4562)	22	39,264
	23	Depletion	23	
	24	Pension, profit-sharing, etc., plans	24	
	25	Employee benefit programs	25	
	26	Losses incurred (Schedule F, line 14)	26	593,298
	27	Additional deduction (attach Form 8816)	27	
	28	Other capital losses (Schedule G, line 12, column (g))	28	
	29	Dividends to policyholders	29	
	30	Mutual interinsurers or reciprocal underwriters — increase in subscriber accounts	30	
	31	Other deductions (See page 11 of instructions) (attach schedule) page 1 Other Deductions	31	1,696,130
	32	Total deductions. Add lines 15 through 31	32	2,330,050
	33	Subtotal. Subtract line 32 from line 14	33	1,266,048
	34a	Special deduction for section 833 organizations (Schedule H, line 6)	34a	
b	Deduction on account of special income and deduction accounts	34b		
c	Total. Add lines 34a and 34b	34c		
35	Subtotal. Subtract line 34c from line 33	35	1,266,048	
36a	Dividends-received deduction (Schedule C, line 25)	36a		
b	Net operating loss deduction	36b	17,250	
c	Total. Add lines 36a and 36b	36c	17,250	
37	Taxable income (subtract line 36c from line 35). Enter here and on page 1, line 1	37	1,248,798	

Form 1120-PC 1999

Schedule B**Part I — Taxable Investment Income of Electing Small Companies — Section 834 (See page 13 of instructions.)****COPY**

		(a) Interest received	(b) Amortization of premium	
Income	1a Gross interest			
	b Interest exempt under section 103			
	c Subtract line 1b from line 1a			
	d Taxable interest. Subtract line 1c, column (b) from line 1c, column (a)			1d
Deductions	2 Dividends (Schedule C, line 14)			2
	3 Gross rents			3
	4 Gross royalties			4
	5 Gross income from a trade or business, other than an insurance business, and from Form 4797			5
	6 Income from leases described in sections 834(b)(1)(B) and 834(b)(1)(C)			6
	7 Gain from Schedule D (Form 1120), line 13			7
	8 Gross investment income. Add lines 1d through 7			8
	9 Real estate taxes			9
	10 Other real estate expenses			10
	11 Depreciation (attach Form 4562)			11
	12 Depletion			12
	13 Trade or business deductions as provided in section 834(c)(5) (attach schedule)			13
	14 Interest			14
	15 Other capital losses (Schedule G, line 12, column (g))			15
	16 Total. Add lines 9 through 15			16
	17 Investment expenses (attach schedule)			17
	18 Total deductions. Add lines 16 and 17			18
19 Subtract line 18 from line 8			19	
20 Dividends-received deduction (Schedule C, line 25)			20	
21 Taxable investment income. Subtract line 20 from line 19. Enter here and on page 1, line 2			21	

Part II — Invested Assets Book Values

(Complete only if claiming a deduction for general expenses allocated to investment income.)

	(a) Beginning of tax year	(b) End of tax year
22 Real estate	22	
23 Mortgage loans	23	
24 Collateral loans	24	
25 Policy loans, including premium notes	25	
26 Bonds of domestic corporations	26	
27 Stock of domestic corporations	27	
28 Government obligations, etc.	28	
29 Bank deposits bearing interest	29	
30 Other interest-bearing assets (attach schedule)	30	
31 Total. Add lines 22 through 30	31	
32 Add columns (a) and (b), line 31		32
33 Mean of invested assets for the tax year. Enter one-half of line 32		33
34 Multiply line 33 by .0025		34
35 Income base. Line 1b, column (a) plus line 8 less the sum of line 1b, column (b) and line 16	35	
36 Multiply line 33 by .0375	36	
37 Subtract line 36 from line 35. Do not enter less than zero	37	
38 Multiply line 37 by .25		38
39 Limitation on deduction for investment expenses. Add lines 34 and 38		39

Form 1120-PC 1999

Schedule C**Dividends and Special Deductions**
(See page 13 of instructions.)**Dividends-Received**(a) Subject to section
832(b)(5)(B)(b) Total dividends-
received**Income**

- 1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)
- 2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)
- 3 Dividends on debt-financed stock of domestic and foreign corporations
- 4 Dividends on certain preferred stock of less-than-20%-owned public utilities
- 5 Dividends on certain preferred stock of 20%-or-more-owned public utilities
- 6 Dividends on stock of certain less-than-20%-owned foreign corporations and certain FSCs
- 7 Dividends on stock of certain 20%-or-more-owned foreign corporations and certain FSCs
- 8 Dividends on stock of wholly owned foreign subsidiaries and FSCs
- 9 Dividends from affiliated companies
- 10 Other dividends from foreign corporations not included on lines 6, 7, and 8
- 11 Income from controlled foreign corporations under subpart F (attach Form 5471)
- 12 Foreign dividend gross-up (section 78)
- 13 Other dividends (attach schedule)
- 14 **Total dividends.** Add lines 1 through 13. Enter here and on Schedule A, line 2, or Schedule B, line 2, whichever applies

1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		

Deduction

- 15 Multiply line 1 by 70%
- 16 Multiply line 2 by 80%
- 17 Deduction for line 3 (See page 14 of instructions)
- 18 Multiply line 4 by 42%
- 19 Multiply line 5 by 48%
- 20 Multiply line 6 by 70%
- 21 Multiply line 7 by 80%
- 22 Enter the amount from line 8
- 23 **Total.** Add lines 15 through 22. (See page 14 of instructions for limitation.)
- 24 **Total.** Add line 23, column (a), and line 9, column (a). Enter here and on Schedule F, line 10
- 25 **Total deductions.** Add line 23, column (b), and line 9, column (b). Enter here and on Schedule A, line 36a, or Schedule B, line 20, whichever applies

Dividends-Received Deduction(a) Subject to section
832(b)(5)(B)(b) Total dividends-
received deduction

15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

Schedule E**Premiums Earned — Section 832 (See page 15 of instructions.)**

1	Net premiums written		1	2,816,112
2	Unearned premiums on outstanding business at the end of the preceding tax year:			
a	Enter 100% of life insurance reserves included in unearned premiums (section 832(b)(7)(A)) and all unearned premiums of section 833 organizations	2a		
b	Enter 90% of unearned premiums attributable to insuring certain securities	2b		
c	Discounted unearned premiums attributable to title insurance	2c		
d	Enter 80% of all other unearned premiums	2d	1,414,188	
e	Total. Add lines 2a through 2d		2e	1,414,188
3	Total. Add lines 1 and 2e		3	4,230,300
4	Unearned premiums on outstanding business at the end of the current tax year:			
a	Enter 100% of life insurance reserves included in unearned premiums (section 832(b)(7)(A)) and all unearned premiums of section 833 organizations	4a		
b	Enter 90% of unearned premiums attributable to insuring certain securities	4b		
c	Discounted unearned premiums attributable to title insurance	4c		
d	Enter 80% of all other unearned premiums	4d	1,271,651	
e	Total. Add lines 4a through 4d		4e	1,271,651
5	Subtract line 4e from line 3		5	2,958,649
6	Transitional adjustments under section 832(b)(7)(D). (See page 15 of instructions.)		6	
7	Premiums earned. Add lines 5 and 6. Enter here and on Schedule A, line 1		7	2,958,649

Schedule F**Losses Incurred — Section 832 (See page 15 of instructions.)**

1	Losses paid during the tax year (attach schedule)		1	1,031,126
2	Balance outstanding at the end of the current tax year for:			
a	Unpaid losses on life insurance contracts	2a		
b	Discounted unpaid losses	2b	1,583,059	
c	Total. Add lines 2a and 2b		2c	1,583,059
3	Add lines 1 and 2c		3	2,614,185
4	Balance outstanding at the end of the preceding tax year for:			
a	Unpaid losses on life insurance contracts	4a		
b	Discounted unpaid losses	4b	2,020,887	
c	Total. Add lines 4a and 4b		4c	2,020,887
5	Subtract line 4c from line 3		5	593,298
6	Estimated salvage and reinsurance recoverable at the end of the preceding tax year		6	
7	Estimated salvage and reinsurance recoverable at the end of the current tax year		7	
8	Losses incurred (line 5 plus line 6 less line 7)		8	593,298
9	Tax-exempt interest subject to section 832(b)(5)(B)	9		
10	Dividends-received deduction subject to section 832(b)(5)(B) (Schedule C, line 24)	10		
11	The increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F)	11		
12	Total. Add lines 9, 10 and 11		12	
13	Reduction of deduction under section 832(b)(5)(B). Multiply line 12 by .15		13	
14	Losses incurred deductible under section 832(c)(4). Subtract line 13 from line 8. Enter here and on Schedule A, line 26		14	593,298

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Schedule G**Other Capital Losses** (See page 16 of instructions.)

(Capital assets sold or exchanged to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders.)

1	Dividends and similar distributions paid to policyholders	1	
2	Losses paid	2	
3	Expenses paid	3	
4	Total. Add lines 1, 2, and 3	4	
Note: Adjust lines 5 through 8 to cash method if necessary.			
5	Interest received	5	
6	Dividends received (Schedule C, line 14)	6	
7	Gross rents, gross royalties, lease income, etc., and gross income from a trade or business other than an insurance business including income from Form 4797 (include gains for invested assets only)	7	
8	Net premiums received	8	
9	Total. Add lines 5 through 8	9	
10	Limitation on gross receipts from sales of capital assets. Subtract line 9 from line 4. If zero or less, enter -0-		10

(a) Description of capital asset	(b) Date acquired	(c) Gross sales price	(d) Cost or other basis	(e) Expense of sale	(f) Depreciation allowed (or allowable)	(g) Loss ((d) plus (e) less the sum of (c) and (f))
11						
12 Totals — column (c) must not be more than line 10. (Enter amount from column (g) in Schedule A, line 28, or Schedule B, line 15, whichever applies)						

Schedule H**Special Deduction And Ending Adjusted Surplus for Section 833 Organizations**

(See page 16 of instructions.)

1	Health care claims incurred during the tax year and liabilities incurred during the taxable year under cost-plus contracts	1	
2	Expenses incurred during the tax year in connection with the administration, adjustment, or settlement of health care claims or in connection with the administration of cost-plus contracts	2	
3	Total. Add lines 1 and 2	3	
4	Multiply line 3 by .25	4	
5	Beginning adjusted surplus	5	
6	Special deduction. Subtract line 5 from line 4. If zero or less, enter -0-. Enter here and on Schedule A, line 34a. (See page 16 of instructions for limitation.)	6	
7	Net operating loss deduction (Schedule A, line 36b)	7	
8	Net exempt income:		
a	Adjusted tax-exempt income	8a	
b	Adjusted dividends-received deduction	8b	
9	Taxable income (Schedule A, line 37)	9	
10	Ending adjusted surplus. Add lines 5 through 9	10	

Schedule I Other Information (See page 16 of instructions.)

- Check method of accounting:
- a ☐ Cash
- b ☒ Accrual
- c ☐ Other (specify) ▶ _____
- 2 Check box for kind of company:
- a ☐ Mutual
- b ☒ Stock
- 3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)
- If "Yes," attach a schedule showing:
- (a) name and identification number;
(b) percentage owned; and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.
- 4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?
- If "Yes," enter employer identification number and name of the parent corporation ▶ _____
- 5 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)
- If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.)
- Enter percentage owned ▶ _____
- 6 At anytime during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes,"
- a Enter percentage owned ▶ _____

Yes No

X

X

X

X

- b Enter owner's country ▶ _____
- c The corporation may have to file Form 5472. Enter number of Forms 5472 attached ▶ _____
- 7 Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.)
- If "Yes," attach Form 5471 for each such corporation.
- Enter number of Forms 5471 attached ▶ _____
- 8 At any time during the 1999 calendar year, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank, securities, or other financial accounts)? If "Yes," the corporation may have to file Form TD F 90-22.1.
- If "Yes," enter the name of the foreign country:
▶ _____
- 9 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520
- 10 Has the corporation elected to use its own payout pattern for discounting unpaid losses and unpaid loss adjustment expenses?
- 11a Enter the total unpaid losses shown on the corporation's annual statement:
- (1) for the current tax year: \$ 1,583,059
- (2) for the previous tax year: \$ 2,020,887
- b Enter the total unpaid loss adjustment expenses shown on the corporation's annual statement:
- (1) for the current tax year: \$ _____
- (2) for the previous tax year: \$ _____
- 12 Does the corporation discount any of the loss reserves shown on its annual statement?
- 13 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ 0
- 14 If the corporation has an NOL for the tax year and is electing to forgo the carryback period, check here . ▶ ☐
- 15 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 36b, Schedule A.) ▶ \$ 17,250

Yes No

X

X

X

X

X

Schedule L Balance Sheets per Books (All filers are required to complete this schedule.)

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Cash		168,182		206,617
2a Trade notes and accounts receivable				
b Less allowance for bad debts	()		()	
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (See page 17 of instructions)				
6 Other current assets (attach schedule) Ln 6 Stmt		999,891		1,375,422
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule) Ln 9 Stmt		6,187,043		7,861,444
10a Buildings and other depreciable assets	245,875		230,985	
b Less accumulated depreciation	(152,549)	93,326	(170,022)	60,963
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization	()		()	
14 Other assets (attach schedule) Ln 14 Stmt		429,332		408,509
15 Total assets		7,877,774		9,912,955
Liabilities and Shareholders' Equity				
16 Accounts payable		1,705,642		3,140,480
17 Mortgages, notes, bonds, payable in less than 1 year				
18 Insurance liabilities (See page 17 of instructions)		3,788,622		3,172,623
19 Other current liabilities (attach schedule) Ln 18 Stmt		187,059		98,021
20 Loans from shareholders				
21 Mortgages, notes, bonds payable in 1 year or more				
Other liabilities (attach schedule)				
23 Capital stock: a Preferred stock				
b Common stock				
24 Additional paid-in capital		3,377,699		3,398,681
25 Retained earnings — Appropriated (attach schedule)		(1,181,248)		103,150
26 Retained earnings — Unappropriated				
27 Adjustments to shareholders' equity (attach schedule)		()		()
28 Less cost of treasury stock				
29 Total liabilities and shareholders' equity		7,877,774		9,912,955

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See page 17 of instructions.)
(The corporation is not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.)

1 Net income (loss) per books	1,284,398	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax		a Tax-exempt interest \$	35,634
3 Excess of capital losses over capital gains		Ln 7 Stmt	
4 Income subject to tax not recorded on books this year (itemize) Ln 4 Stmt	1,730	8 Deductions in this tax return not charged against book income this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)		a Depreciation \$	1,358
a Depreciation \$ 7,684		b Contributions carryover \$ 1,358	1,358
b Contributions carryover \$		9 Add lines 7 and 8	36,992
c Travel and entertainment \$	16,912	10 Income (Schedule A, line 35) — subtract line 9 from line 6	1,266,048
Ln 5 Stmt 9,228			
6 Add lines 1 through 5	1,303,040		

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (line 26, Schedule L)

1 Balance at beginning of year	(1,181,248)	5 Distributions: a Cash	
2 Net income (loss) per books	1,284,398	b Stock	
3 Other increases (itemize)		c Property	
		6 Other decreases (itemize)	
		7 Add lines 5 and 6	
4 Add lines 1, 2, and 3	103,150	8 Balance at end of year (subtract line 7 from line 4)	103,150

Depreciation and Amortization

(Including Information on Listed Property)

COPY

OMB No. 1545-0172

Department of the Treasury
Internal Revenue Service (99)

▶ See instructions.
▶ Attach this form to your return.

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Name(s) Shown on Return

Business or Activity to Which This Form Relates

Identifying Number

OBE Insurance (International) Limited

Insurance

66-0516613

Part I Election to Expense Certain Tangible Property (Section 179)

(Note: If you have any 'listed property,' complete Part V before you complete Part I.)

1	Maximum dollar limitation. If an enterprise zone business, see instructions	1	\$19,000.
2	Total cost of Section 179 property placed in service. See instructions	2	23,915.
3	Threshold cost of Section 179 property before reduction in limitation	3	\$200,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	19,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
13	Power blackout buster	1,716.	1,716.
See Additional Section 179 Property Statement			17,284.
7	Listed property. Enter amount from line 27	7	
8	Total elected cost of Section 179 property. Add amounts in column (c), lines 6 and 7	8	19,000.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	19,000.
10	Carryover of disallowed deduction from 1998. See instructions	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	19,000.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	19,000.
13	Carryover of disallowed deduction to 2000. Add lines 9 and 10, less line 12	13	0.

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service Only During Your 1999 Tax Year
(Do Not Include Listed Property)**Section A - General Asset Account Election**

- 4 If you are making the election under Section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions ☐

Section B - General Depreciation System (GDS) (See instructions)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		4,915.	5	MQ	200DB	246.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property	06/99	785.	39 yrs	MM	S/L	11.
				MM	S/L	

Section C - Alternative Depreciation System (ADS) (See instructions)

16a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property) (See instructions)

17	GDS and ADS deductions for assets placed in service in tax years beginning before 1999	17	14,629.
18	Property subject to Section 168(f)(1) election	18	
19	ACRS and other depreciation	19	553.

Part IV Summary (See instructions)

20	Listed property. Enter amount from line 26	20	4,825.
21	Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	39,264.
22	For assets shown above and placed in service during the current year, enter the portion of the basis that is not Section 263A costs	22	

Form 4626

Alternative Minimum Tax - Corporations

COPY
OMB No. 1545-0075Department of the Treasury
Internal Revenue Service▶ See separate instructions.
▶ Attach to the corporation's tax return.

1999

Name
QBE Insurance (International) LimitedEmployer Identification Number
66-0516613

1	Taxable income or (loss) before net operating loss deduction	1	1,266,048.
2	Adjustments and preferences:		
a	Depreciation of post-1986 property	2a	514.
b	Amortization of certified pollution control facilities	2b	
c	Amortization of mining exploration and development costs	2c	
d	Amortization of circulation expenditures (personal holding companies only)	2d	
e	Adjusted gain or loss	2e	-10,210.
f	Long-term contracts	2f	
g	Installment sales	2g	
h	Merchant marine capital construction funds	2h	
i	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2i	
j	Tax shelter farm activities (personal service corporations only)	2j	
k	Passive activities (closely held corporations and personal service corporations only)	2k	
l	Loss limitations	2l	
m	Depletion	2m	
n	Tax-exempt interest from specified private activity bonds	2n	
o	Intangible drilling costs	2o	
p	Accelerated depreciation of real property (pre-1987)	2p	
q	Accelerated depreciation of leased personal property (pre-1987) (personal holding companies only)	2q	
r	Other adjustments	2r	
s	Combine lines 2a through 2r	2s	-9,696.
3	Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 and 2s	3	1,256,352.
4	Adjusted current earnings (ACE) adjustment:		
a	Enter the corporation's ACE from line 10 of the worksheet in the instructions	4a	1,256,352.
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see examples in instructions)	4b	0.
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c	0.
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). Note: You <i>must</i> enter an amount on line 4d (even if line 4b is positive)	4d	227.
e	ACE adjustment:		
	• If you entered a positive number or zero on line 4b, enter the amount from line 4c here as a positive amount.	4e	0.
	• If you entered a negative number on line 4b, enter the smaller of line 4c or line 4d here as a negative amount.		
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe alternative minimum tax	5	1,256,352.
6	Alternative tax net operating loss deduction (see instructions)	6	110,025.
	Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see the instructions	7	1,146,327.

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 4626 (1999)

CLIENT'S COPY

COPY

Form 4626 (1999) QBE Insurance (International) Limited

66-0516613

Page 2

8	Enter the amount from line 7 (alternative minimum taxable income)	8	1,146,327.
9	Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c):		
	a Subtract \$150,000 from line 8 (if you are completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	9a	
	b Multiply line 9a by 25% (.25)	9b	
	c Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	9c	0.
10	Subtract line 9c from line 8. If zero or less, enter -0-	10	1,146,327.
11	Multiply line 10 by 20% (.20)	11	229,265.
12	Alternative minimum tax foreign tax credit. See instructions	12	
13	Tentative minimum tax. Subtract line 12 from line 11	13	229,265.
14	Regular tax liability before all credits except the foreign tax credit and possessions tax credit	14	424,591.
15	Alternative minimum tax. Subtract line 14 from line 13. Enter the result on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9). If zero or less, enter -0-	15	0.

Form 4626 (1999)

Form **4797**Department of the Treasury
Internal Revenue Service (99)**Sales of Business Property**(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

COPY

OMB No. 1545-0184

1999**27**

Name(s) Shown on Return

QBE Insurance (International) Limited

Identifying Number

66-0516613

- 1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1999 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 10, or 20 **1**

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions from Other Than Casualty or Theft — Property Held More Than 1 Year

2 (a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (Loss) Subtract (f) from the sum of (d) and (e)
Data Processing Equipment	Various	12/31/99	910	35380	41090	-4800

- 3 Gain, if any, from Form 4684, line 39 **3**
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 **4**
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 **5**
- 6 Gain, if any, from line 32, from other than casualty or theft **6**

- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows **7** **-4,800.**
- Partnerships (except electing large partnerships).** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6. Skip lines 8, 9, 11, and 12 below.

S corporations. Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7 is a gain and the S corporation is subject to the capital gains tax.

All others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions) **8**

- 9 Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions) **9**

S corporations. Enter any gain from line 9 on Schedule D (Form 1120S), line 14, and skip lines 11 and 12 below.

All others. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below, and enter the gain from line 9 as a long-term capital gain on Schedule D.

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):						

- 11 Loss, if any, from line 7 **11** **-4,800.**
- 12 Gain, if any, from line 7 or amount from line 8, if applicable **12**
- 13 Gain, if any, from line 31 **13**
- 14 Net gain or (loss) from Form 4684, lines 31 and 38a **14**
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 **15**
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 **16**

- 17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions) **17**

- 18 Combine lines 10 through 17. Enter the gain or (loss) here, and on the appropriate line as follows **18** **-4,800.**

a For all except individual returns: Enter the gain or (loss) from line 18 on the return being filed.

b For individual returns:

(1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from Form 4797, line 18b(1). See instructions. **18b(1)**

(2) Redetermine the gain or (loss) on line 18, excluding the loss, if any, from line 18b(1), for her and for Form 1040, line 14 **18b(2)**

Case 1:04-cv-00011

Document 1

Filed 03/04/2004

Page 78 of 138

Part III Gain from Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19(a) Description of Section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D.

		Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing.)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis. Subtract line 22 from line 21	23				
24 Total gain. Subtract line 23 from line 20	24				
25 If Section 1245 property:					
a Depreciation allowed or allowable from line 22	25a				
b Enter the smaller of line 24 or 25a	25b				
26 If Section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to Section 291.					
a Additional depreciation after 1975 (see instrs)	26a				
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 & before 1976	26d				
e Enter the smaller of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 If Section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the smaller of line 24 or 27b	27c				
28 If Section 1254 property:					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instrs)	28a				
b Enter the smaller of line 24 or 28a	28b				
29 If Section 1255 property:					
a Applicable percentage of payments excluded from income under Section 126 (see instructions)	29a				
b Enter the smaller of line 24 or 29a (see instrs)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(See instructions.)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33	
34 Recomputed depreciation. See instructions	34	
35 Recapture amount. Subtract line 34 from line 33. See instructions for where to report	35	

1999

Department of the Treasury
Internal Revenue Service

▶ Attach to the corporation's tax return.

QBE Insurance (International) Limited

Employer Identification Number

66-0516613

1 Alternative minimum tax (AMT) for 1998. Enter the amount from line 15 of the 1998 Form 4626	1	15,442.
2 Minimum tax credit carryforward from 1998. Enter the amount from line 9 of the 1998 Form 8827	2	
3 Enter the total of any 1998 unallowed nonconventional source fuel credit and 1998 unallowed qualified electric vehicle credit. See instructions	3	
4 Add lines 1, 2, and 3	4	15,442.
5 Enter the corporation's 1999 regular income tax liability minus allowable tax credits. See instructions	5	458,277.
6 If the corporation is: <ul style="list-style-type: none"> • A 'small corporation' exempt from the AMT for 1999, and line 5 is \$25,000 or less, enter -0-. • A 'small corporation' exempt from the AMT for 1999, and line 5 is more than \$25,000, enter 25% (.25) of the excess. • Not a 'small corporation' exempt from the AMT for 1999, complete Form 4626 for 1999 and enter the tentative minimum tax from line 13 	6	249,296.
7 Subtract line 6 from line 5. If zero or less, enter -0-	7	208,981.
8 Minimum tax credit. Enter the smaller of line 4 or line 7. Also enter this amount on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 4e). If the corporation had a post-1986 ownership change or has pre-acquisition excess credits, see instructions	8	15,442.
9 Minimum tax credit carryforward to 2000. Subtract line 8 from line 4. See instructions	9	

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 8827 (1999)

COPYForm 1120, Page 1, Line 10
Other Income Statement

Foreign exchange gain on investments	290,379.
Sec. 842 investment income	1,730.
Total	<u>292,109.</u>

Form 1120, Page 1, Line 26
Other Deductions Statement

Administrative expenses	179,000.
Commissions	508,770.
Deferred acquisition costs	14,649.
Investment expense	3,997.
Sundries	989,714.
Total	<u>1,696,130.</u>

Form 1120, Page 4, Schedule L, Line 6
Ln 6 Stmt

Other Current Assets:	Beginning of tax year	End of tax year
Accrued investment income	9,938.	66,972.
Prepaid expenses	15,958.	8,359.
Prepaid income tax	94,278.	422,819.
Prepaid withholding tax	5,834.	1,920.
Sundry debtors	873,883.	875,352.
Total	<u>999,891.</u>	<u>1,375,422.</u>

Form 1120, Page 4, Schedule L, Line 9
Ln 9 Stmt

Other Investments:	Beginning of tax year	End of tax year
Investment	6,187,043.	7,861,444.
Total	<u>6,187,043.</u>	<u>7,861,444.</u>

Form 1120, Page 4, Schedule L, Line 14
Ln 14 Stmt

Other Assets:	Beginning of tax year	End of tax year
Deferred acquisition costs	211,722.	207,504.
Deferred commissions	217,610.	201,005.
Total	<u>429,332.</u>	<u>408,509.</u>

Form 1120, Page 4, Schedule L, Line 18
Ln 18 Stmt

Other Current Liabilities:	Beginning of tax year	End of tax year
Accrued expenses	73,617.	76,286.
Trade creditors	113,442.	21,735.
Total	187,059.	98,021.

Form 1120, Page 4, Schedule M-1, Line 4
Ln 4 Stmt

Sec. 842 investment income	1,730.
Total	1,730.

Form 1120, Page 4, Schedule M-1, Line 5
Ln 5 Stmt

Loss on sale of assets - book over tax	4,808.
Unclosed movement	4,420.
Total	9,228.

Form 1120, Page 4, Schedule M-1, Line 7
Ln 7 Stmt

Unearned premiums	35,634.
Total	35,634.

Form 4562, line 6
Additional Section 179 Property Statement

(a) Description of property	(b) Cost (bus use only)	(c) Elected cost
14 Matchair 45 x 53	546.	546.
2 Blackout buster/3 zip pack	406.	406.
21 Shelving & labor for installation	5,620.	5,620.
4 CD 24x IDE (OEM)	214.	214.
7 Case B2-D mini tower AT	294.	294.
7 CPU PII-350 KAL SECC2 intel	1,537.	1,537.
7 FAN SECC2 PII fan	102.	102.
7 HD 6.4GB Fujitsu Eide	1,127.	1,127.
7 KB Lite-on SK-1100P 105Key PS2 w/wristrest	160.	160.
7 MB Amptron PII-3748LMT w/Vid/SC/FM/Net	1,025.	1,025.
7 MEM 64 MB S-DRAW (PC-100) DIMM	539.	539.
7 MSE A4tech SWW-5 advanced 3D mouse	96.	96.
8 Mntr 15" Decaview V260.28DP 1280	1,409.	1,409.
Network server - IBM	6,078.	1,163.
PII-350X 64MB NIC	3,046.	3,046.

COPY
Continued

Form 4562, line 6

Additional Section 179 Property Statement

(a) Description of property	(b) Cost (bus use only)	(c) Elected cost

Total

17,284.

Schedule 5

Historical Summary of
Effectively Connected Earnings & Profits and Dividend Equivalent Amounts
Form 1120-F, Page 5, Section III, Part I, Lines 3 and 5

<u>Tax Year/ Period</u>	<u>Current E & P</u>	<u>Accumulated E & P</u>	<u>Dividend Equivalent</u>	<u>Available E & P</u>
12/31/1995	(180,395)	-	-	(180,395)
12/31/1996	(130,641)	(180,395)	-	(311,036)
12/31/1997	(897,802)	(311,036)	-	(1,208,838)
12/31/1998	1,147,234	(1,208,838)	320,342	(381,946)
Total Dividend Equivalent Amounts			<u>320,342</u>	

QBE Insurance (International) Limited
EIN: 66-0516613
December 31, 1999

Schedule 6

Computation of Guam Net Equity Under Reg. §1.884-1
Form 1120-F, Page 5, Section III, Part I, Lines 4a and 4b

	<u>12/31/98</u>	<u>12/31/99</u>
(1) ASSET DETERMINATION:		
Guam Assets	7,877,774	9,912,955
<u>Less: Interbranch Assets</u>	<u>0</u>	<u>0</u>
Guam Connected Assets	7,877,774	9,912,955
(2) LIABILITY DETERMINATION:		
FIXED RATIO	50.000000%	50.000000%
Guam Connected Assets	7,877,774	9,912,955
<u>Guam Connected Liabilities</u>	<u>3,938,887</u>	<u>4,956,478</u>
Reduction in Liabilities		0
<u>Guam Adjusted Liabilities</u>	<u>3,938,887</u>	<u>4,956,478</u>
Guam Net Equity	<u>3,938,887</u>	<u>4,956,477</u>

QBE Insurance (International) Limited

EIN: 66-0516613

December 31, 1999

Schedule 7

Adjustments to Arrive at Effectively Connected Earnings & Profits

Form 1120-F, Page 5, Section III, Part I, Line 2

Loss on sale of fixed assets	\$ (4,808)
Depreciation	(8,073)
Income tax	<u>(409,149)</u>
	<u><u>\$ (422,030)</u></u>

Net Operating Loss Summary

NOL Carryover Year	A NOL Carryover Available	B Deduction Allowed in Current Year	C Adjustment Under Section 172(b)(2)	D Remaining Carryover New Law	E Remaining Carryover Old Law
1998					
1997	17,250.	17,250.		0.	0.
1996					
1995					
1994					
1993					
1992					
1991					
1990					
1989					
1988					
1987					
1986					
1985					
1984					
Totals	17,250.	17,250.		0.	0.
Less: Carryover expiring due to 15-year limitation					
Add: Current year net operating loss					
Less: Carryback of current year net operating loss					
Net operating loss carryover to next year					0.

CPCW7601.SCR 10/15/99

AMT Net Operating Loss Summary

Carryover Period	A Adjusted Carryover Amount	B Deduction Allowed in Current Year	C Remaining Carryover New Law	D Remaining Carryover Old Law
1998				
1997	110,025.	110,025.		
1996				
1995				
1994				
1993				
1992				
1991				
1990				
1989				
1988				
1987				
1986				
1985				
1984				
Totals	110,025.	110,025.		
Less: Carryover expiring due to 15-year limitation				
Add: Current year Alternative Minimum Tax net operating loss				
Less: Carryback of current year AMT net operating loss				
Alternative Minimum Tax net operating loss carryover to next year				

CPCW8101.SCR 11/11/99

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Form 4466
(Rev. December 2000)
Department of the Treasury
Internal Revenue Service

Corporation Application for Quick Refund of Overpayment of Estimated Tax

OMB No. 1545-0170

For calendar year 20... or tax year beginning... 20... and ending... 20...

Name: **QBE Insurance (International) Limited**

Number, street, and room or suite no. (If a P.O. box, see instructions.): **Paraoceana Business Center, Ste. 216, 674 Harmon Loop Road**

City or town, state, and ZIP code: **Dededo, Guam 96929**

Telephone number (optional): **(671) 635-2822**

A Employer identification number
66 : 0516613

B Check type of return to be filed
(see instructions):
☐ Form 1120
☐ Form 1120-A
☐ Form 1120-F
☐ Form 1120-L
☐ Form 1120-PC
☐ Form 990-C
☐ Other ▶

Note: Prepare this form in duplicate. File the original with the Internal Revenue Service Center where the corporation files its income tax return. Attach the duplicate copy to the corporation's tax return.

1	Estimated income tax paid during the tax year	1	\$110,000	00
2	Overpayment of income tax from prior year credited to this year's estimated tax	2	144,694	00
3	Total. Add lines 1 and 2	3	254,694	00
4	Enter total tax from Form 1120, Schedule J, line 11, or comparable line from other returns	4	0	00
5a	Personal holding company tax, if any, included on line 4	5a	0	00
5b	Estimated refundable tax credit for Federal tax on fuels	5b	0	00
6	Total. Add lines 5a and 5b	6	0	00
7	Expected income tax liability for the tax year. Subtract line 6 from line 4	7	0	00
8	Overpayment of estimated tax. Subtract line 7 from line 3. If this amount is at least 10% of line 7 and at least \$500, the corporation is eligible for a quick refund. Otherwise, do not file this form (see instructions)	8	0	00

Record of Estimated Tax Deposits

Date of deposit	Amount	Date of deposit	Amount
4/17/2000	\$110,000.00		
12/15/1999	\$470,000.00		

Under penalties of perjury, I declare that I have examined this application, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Sign Here
 Signature: **Philip L. Mallia**
 Date: **1/9/2002**
 Title: **Manager for Micronesia**

General Instructions

Section references are to the Internal Revenue Code.

Who May File

Any corporation that overpaid its estimated tax for the tax year may apply for a quick refund if the overpayment is:

- At least 10% of the expected tax liability and
- At least \$500.

The overpayment is the excess of the estimated income tax the corporation paid during the tax year over the final income tax liability expected for the tax year, at the time this application is filed.

If members of an affiliated group paid their estimated income tax on a consolidated basis or expect to file a consolidated return for the tax year, only the common parent corporation may file Form 4466. If members of the group paid estimated income tax

separately, the member who claims the overpayment must file Form 4466.

When To File

File Form 4466 before the 16th day of the 3rd month after the end of the tax year, but before the corporation files its income tax return. Do not file Form 4466 before the end of the corporation's tax year. An extension of time to file the corporation's tax return will not extend the time for filing Form 4466.

EXHIBIT D

GUAM DEPOSITARY RECEIPT

TRIPPLICATE

FOR INCOME TAX WITHHELD ON WAGES, 30% WITHHOLDING SEC. 1441 OR CORPORATE ESTIMATED TAX

NOTICE TO TAXPAYERS
FILL IN ALL ITEMS BELOW BEFORE MAKING DEPOSIT SEE INSTRUCTIONS

TOTAL TAXES	
DOLLARS	CENTS
470,000	00

Enter amount to be deposited

EMPLOYER'S IDENTIFICATION NUMBER
66-0516613

Enter your employer's identification number

CHECK ONE ☐ Income tax withholding on wages ☒ Corporate Estimated Tax
☐ 30% Withholding Sec. 1441

TYPE OR PRINT NAME AND ADDRESS OF EMPLOYER

QBE Insurance (Int'l) Ltd.
674 Harmon Loop Rd. Ste. 216
Dededo, Guam 96912

WRITE IN
TAX YEAR

1 9 9 9

CHECK ONE
TAX PERIOD

- ☐ 1st Qtr.
☐ 2nd Qtr.
☐ 3rd Qtr.

12/15/1999 TO 12/15/2000

P A I L

DEC 15 1999

TREASURER OF C
CASHIER

#7

AFTER YOU RECEIVE THE VALIDATED RECEIPT FROM THE BANK, USE IT IN PAYMENT OF TAXES YOU REPORT ON FORMS W-1, 4277 OR 1120 TO THE DEPUTY COMMISSIONER OF REVENUE AND TAXATION.

FORM 500 (REV. 3/94)

GUAM DEPOSITARY RECEIPT

ORIGINAL

FOR INCOME TAX WITHHELD ON WAGES, 30% WITHHOLDING SEC. 1441 OR CORPORATE ESTIMATED TAX

NOTICE TO TAXPAYERS
FILL IN ALL ITEMS BELOW BEFORE MAKING DEPOSIT SEE INSTRUCTIONS

TOTAL TAXES	
DOLLARS	CENTS
\$110,000	00

Enter amount to be deposited

EMPLOYER'S IDENTIFICATION NUMBER
66-0516613

Enter your employer's identification number

CHECK ONE ☐ Income tax withholding on wages ☒ Corporate Estimated Tax
☐ 30% Withholding Sec. 1441

TYPE OR PRINT NAME AND ADDRESS OF EMPLOYER

QBE INSURANCE (INTERNATIONAL) LIMITED
SUITE 216 PARAOCEANA BUSINESS CENTER
HARMON LOOP RD. DEDEDO, GUAM 96912

AFTER YOU RECEIVE THE VALIDATED RECEIPT FROM THE BANK, USE IT IN PAYMENT OF TAXES YOU REPORT ON FORMS W-1, 4277 OR 1120 TO THE DEPUTY COMMISSIONER OF REVENUE AND TAXATION.

WRITE IN
TAX YEAR

2 0 0 0

CHECK ONE
TAX PERIOD

- ☒ 1st Qtr.
☐ 2nd Qtr.
☐ 3rd Qtr.
☐ 4th Qtr.

FOR USE BY BANK
RECEIPTS VALIDATED AND DEPOSIT CREDITED IN
ACCOUNT OF TREASURER OF GUAM

FORM 500 (REV. 3/94)

Form **1120-PC****U.S. Property and Casualty Insurance Company
Income Tax Return**

OMB No. 1545-1027

2001Department of the Treasury
Internal Revenue ServiceFor calendar year 2001 or tax year beginning 2001, and ending 20
▶ Instructions are separate. See page 19 for Paperwork Reduction Act Notice.**A** Check applicable box if an election has been made under section(s):(1) ☐ 953(c)(3)(C)(2) ☐ 953(d)

Please type or print

Name

QBE Insurance (International) Limited

Number and street, and room or suite no. (If a P.O. box, see page 6 of instructions)

674 Harmon Loop Road

City or town, state, and ZIP code

Dededo, Guam 96912

B Employer identification number

66:0516613

C Date incorporated

October 1, 1886

D Check if a consolidated return(Attach Form 851) ☐**E** Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

Tax Computation and Payments

1	Taxable income (Schedule A, line 37)	1	(490,677)
2	Taxable investment income for electing small companies (Schedule B, line 21)	2	
3	Check if a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/>	3	
Important: Members of a controlled group, see instructions on page 7.			
a If the box on line 3 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ (2) \$ (3) \$			
b Enter the corporation's share of: (1) additional 5% tax (not to exceed \$11,750) \$ (2) additional 3% tax (not to exceed \$100,000) \$			
4	Income tax	4	0
5	Enter amount of tax that a reciprocal must include	5	
6	Alternative minimum tax (attach Form 4626)	6	
7	Total. Add lines 4 through 6	7	0
8a	Foreign tax credit (attach Form 1118)	8a	
b	Other credits (see page 8 of instructions)	b	
c	General business credit. Check box(es) and indicate which forms are attached: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify)	c	
d	Credit for prior year minimum tax (attach Form 9827)	d	
e	Qualified zone academy bond credit (attach Form 8860)	e	
f	Total credits. Add lines 8a through 8e	f	
9	Subtract line 8f from line 7	9	0
10	Foreign corporations—Tax on income not connected with U.S. business	10	0
11	Personal holding company tax (attach Schedule PH (Form 1120))	11	
12	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Other (attach schedule)	12	
13	Total tax. Add lines 9 through 12	13	0
14a	2000 overpayment credited to 2001	14a	254,694
b	Prior year(s) special estimated tax payments to be applied	14b	
c	2001 estimated tax payments (see instructions)	14c	
d	2001 special estimated tax payments (Do not include on line 14f)	14d	0
e	2001 refund applied for on Form 4466	14e	
f	Enter the total of lines 14a through 14c less line 14e	14f	
g	Tax deposited with Form 7004	14g	0
h	Credit by reciprocal for tax paid by attorney-in-fact under section 835(d)	14h	
i	Other credits and payments	14i	
14j		14j	254,694
15	Estimated tax penalty (see page 9 of instructions). Check if Form 2220 is attached <input type="checkbox"/>	15	
16	Tax due. If line 14j is smaller than the total of lines 13 and 15, enter amount owed	16	
17	Overpayment. If line 14j is larger than the total of lines 13 and 15, enter amount overpaid	17	254,694
18	Enter amount of line 17 you want: Credited to 2002 estimated tax ▶ \$ 254,694 Refunded ▶	18	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer *Joseph Magliaro*

Date

7-16-01

Title

MANAGER

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No**Paid****Preparer's Use Only**

Preparer's signature

Joseph Magliaro

Date

7-25-02

Check if self-employed ☐

Preparer's SSN or PTIN

586-84-6486

Firm's name (or yours if self-employed, address, and ZIP code)

J. Scott Magliaro & Co.

EIN 66: 0572328

Phone no. (671) 472-2680

P.O. Box 12734, Tamuning, GU 96931

Cat. No. 64270Q

Form **1120-PC** (2001)**EXHIBIT E**

Schedule A Taxable Income—Section 832 (See page 9 of instructions.)

Income	1	Premiums earned (Schedule E, line 7)	1	2,575,472
	2	Dividends (Schedule C, line 14)	2	
		(a) Interest received	(b) Amortization of premium	
		512,636		
	3a	Gross interest		
	b	Interest exempt under section 103		
		512,636		
	c	Subtract line 3b from line 3a		
	d	Taxable interest. Subtract line 3c, column (b) from line 3c, column (a)	3d	512,636
	4	Gross rents	4	
	5	Gross royalties	5	
	6	Capital gain net income (attach Schedule D (Form 1120))	6	
	7	Net gain or (loss) (Form 4797, Part II, line 18 (attach Form 4797))	7	1,590
8	Certain mutual fire or flood insurance company premiums (section 832(b)(1)(D))	8		
9	Income on account of special income and deduction accounts	9		
10	Income from protection against loss account (see instructions)	10		
11	Mutual interinsurers or reciprocal underwriters—decrease in subscriber accounts	11		
12	Income from a special loss discount account (attach Form 8816)	12		
13	Other income (attach schedule) Schedule #1	13	443,308	
14	Gross income. Add lines 1 through 13	14	3,533,006	
Deductions (See instructions for limitations on deductions.)	15	Compensation of officers (attach schedule) (see page 10 of instructions)	15	
	16	Salaries and wages (less employment credits)	16	693,337
	17	Agency balances and bills receivable that became worthless during the tax year	17	
	18	Rents	18	
	19	Taxes and licenses	19	
	20a	Interest	b Less tax-exempt interest exp.	c Bal.
	21	Charitable contributions (see page 12 of instructions for 10% limitation)	21	
	22	Depreciation (attach Form 4562)	22	21,473
	23	Depletion	23	
	24	Pension, profit-sharing, etc., plans	24	
	25	Employee benefit programs	25	
	26	Losses incurred (Schedule F, line 14)	26	850,852
	27	Additional deduction (attach Form 8816)	27	
	28	Other capital losses (Schedule G, line 12, column (g))	28	
	29	Dividends to policyholders	29	
	30	Mutual interinsurers or reciprocal underwriters—increase in subscriber accounts	30	
	31	Other deductions (see page 13 of instructions) (attach schedule) Schedule #1	31	2,458,021
	32	Total deductions. Add lines 15 through 31	32	4,023,683
	33	Subtotal. Subtract line 32 from line 14	33	(490,677)
	34a	Special deduction for section 833 organizations (Schedule H, line 6)	34a	
	b	Deduction on account of special income and deduction accounts	34b	
	c	Total. Add lines 34a and 34b	34c	
	35	Subtotal. Subtract line 34c from line 33	35	
	36a	Dividends-received deduction (Schedule C, line 25)	36a	
b	Net operating loss deduction	36b		
c	Total. Add lines 36a and 36b	36c		
37	Taxable income (subtract line 36c from line 35). Enter here and on page 1, line 1	37	(490,677)	

Schedule B Part I—Taxable Investment Income of Electing Small Companies—Section 834 (See page 14 of instructions.)

		(a) Interest received	(b) Amortization of premium		
Income	1a Gross interest				
	b Interest exempt under section 103				
	c Subtract line 1b from line 1a				
	d Taxable interest. Subtract line 1c, column (b) from line 1c, column (a)				
Deductions	2 Dividends (Schedule C, line 14)			1d	
	3 Gross rents			2	
	4 Gross royalties			3	
	5 Gross income from a trade or business, other than an insurance business, and from Form 4797			4	
	6 Income from leases described in sections 834(b)(1)(B) and 834(b)(1)(C)			5	
	7 Gain from Schedule D (Form 1120), line 14			6	
	8 Gross investment income. Add lines 1d through 7			7	
				8	
	9 Real estate taxes			9	
	10 Other real estate expenses			10	
	11 Depreciation (attach Form 4562)			11	
	12 Depletion			12	
	13 Trade or business deductions as provided in section 834(c)(8) (attach schedule)			13	
	14 Interest			14	
	15 Other capital losses (Schedule G, line 12, column (g))			15	
	16 Total. Add lines 9 through 15.			16	
	17 Investment expenses (attach schedule).			17	
18 Total deductions. Add lines 16 and 17.			18		
19 Subtract line 18 from line 8			19		
20 Dividends-received deduction (Schedule C, line 25)			20		
21 Taxable investment income. Subtract line 20 from line 19. Enter here and on page 1, line 2			21		

Part II—Invested Assets Book Values

(Complete only if claiming a deduction for general expenses allocated to investment income.)

		(a) Beginning of tax year	(b) End of tax year
22	Real estate		
23	Mortgage loans		
24	Collateral loans		
25	Policy loans, including premium notes		
26	Bonds of domestic corporations		
27	Stock of domestic corporations		
28	Government obligations, etc.		
29	Bank deposits bearing interest		
30	Other interest-bearing assets (attach schedule)		
31	Total. Add lines 22 through 30.		
32	Add columns (a) and (b), line 31		
33	Mean of invested assets for the tax year. Enter one-half of line 32		
34	Multiply line 33 by .0025		
35	Income base. Line 1b, column (a) plus line 8 less the sum of line 1b, column (b) and line 16		
36	Multiply line 33 by .0375		
37	Subtract line 36 from line 35. Do not enter less than zero		
38	Multiply line 37 by .25		
39	Limitation on deduction for investment expenses. Add lines 34 and 38.		

Schedule C Dividends and Special Deductions
 (See page 15 of instructions.)
Income

		Dividends-Received	
		(a) Subject to section 832(b)(5)(B)	(b) Total dividends-received
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	1	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	2	
3	Dividends on debt-financed stock of domestic and foreign corporations	3	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	4	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	5	
6	Dividends on stock of certain less-than-20%-owned foreign corporations and certain FSCs	6	
7	Dividends on stock of certain 20%-or-more-owned foreign corporations and certain FSCs	7	
8	Dividends on stock of wholly owned foreign subsidiaries and FSCs	8	
9	Dividends from affiliated companies	9	
10	Other dividends from foreign corporations not included on lines 6, 7, and 8.	10	
11	Income from controlled foreign corporations under subpart F (attach Forms 5471)	11	
12	Foreign dividend gross-up (section 78)	12	
13	Other dividends (attach schedule)	13	
14	Total dividends. Add lines 1 through 13. Enter here and on Schedule A, line 2, or Schedule B, line 2, whichever applies	14	

Deduction

		Dividends-Received Deduction	
		(a) Subject to section 832(b)(5)(B)	(b) Total dividends-received deduction
15	Multiply line 1 by 70%	15	
16	Multiply line 2 by 80%	16	
17	Deduction for line 3 (see page 16 of instructions)	17	
18	Multiply line 4 by 42%	18	
19	Multiply line 5 by 48%	19	
20	Multiply line 6 by 70%	20	
21	Multiply line 7 by 80%	21	
22	Enter the amount from line 8	22	
23	Total. Add lines 15 through 22. (See page 16 of instructions for limitation.)	23	
24	Total. Add line 23, column (a), and line 9, column (a). Enter here and on Schedule F, line 10	24	
25	Total deductions. Add line 23, column (b), and line 9, column (b). Enter here and on Schedule A, line 36a, or Schedule B, line 20, whichever applies	25	

Schedule E Premiums Earned—Section 832 (See page 16 of instructions.)

1	Net premiums written		1	2,799,195
2	Unearned premiums on outstanding business at the end of the preceding tax year:			
a	Enter 100% of life insurance reserves included in unearned premiums (section 832(b)(7)(A)) and all unearned premiums of section 833 organizations	2a		
b	Enter 90% of unearned premiums attributable to insuring certain securities	2b		
c	Discounted unearned premiums attributable to title insurance	2c		
d	Enter 80% of all other unearned premiums	2d	1,173,411	
e	Total. Add lines 2a through 2d	2e	1,173,411	
3	Total. Add lines 1 and 2e	3	3,972,606	
4	Unearned premiums on outstanding business at the end of the current tax year:			
a	Enter 100% of life insurance reserves included in unearned premiums (section 832(b)(7)(A)) and all unearned premiums of section 833 organizations	4a		
b	Enter 90% of unearned premiums attributable to insuring certain securities	4b		
c	Discounted unearned premiums attributable to title insurance	4c		
d	Enter 80% of all other unearned premiums	4d	1,397,134	
e	Total. Add lines 4a through 4d	4e	1,397,134	
5	Subtract line 4e from line 3	5	2,575,472	
6	Transitional adjustments under section 832(b)(7)(D). (See page 17 of instructions.)	6		
7	Premiums earned. Add lines 5 and 6. Enter here and on Schedule A, line 1.	7	2,575,472	

Schedule F Losses Incurred—Section 832 (See page 17 of instructions.)

1	Losses paid during the tax year (attach schedule).		1	1,667,343
2	Balance outstanding at the end of the current tax year for:			
a	Unpaid losses on life insurance contracts	2a		
b	Discounted unpaid losses	2b	730,003	
c	Total. Add lines 2a and 2b	2c	730,003	
3	Add lines 1 and 2c	3	2,397,346	
4	Balance outstanding at the end of the preceding tax year for:			
a	Unpaid losses on life insurance contracts	4a		
b	Discounted unpaid losses	4b	1,546,494	
c	Total. Add lines 4a and 4b	4c	1,546,494	
5	Subtract line 4c from line 3	5	850,852	
6	Estimated salvage and reinsurance recoverable at the end of the preceding tax year	6		
7	Estimated salvage and reinsurance recoverable at the end of the current tax year	7		
8	Losses incurred (line 5 plus line 6 less line 7)	8	850,852	
9	Tax-exempt interest subject to section 832(b)(5)(B)	9		
10	Dividends-received deduction subject to section 832(b)(5)(B) (Schedule C, line 24)	10		
11	The increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F)	11		
12	Total. Add lines 9, 10, and 11.	12	0	
13	Reduction of deduction under section 832(b)(5)(B). Multiply line 12 by .15	13	0	
14	Losses incurred deductible under section 832(c)(4). Subtract line 13 from line 8. Enter here and on Schedule A, line 26.	14	850,852	

Schedule G Other Capital Losses (See page 17 of instructions.)

(Capital assets sold or exchanged to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders.)

1	Dividends and similar distributions paid to policyholders		1	
2	Losses paid		2	
3	Expenses paid		3	
4	Total. Add lines 1, 2, and 3		4	
Note. Adjust lines 5 through 8 to cash method if necessary.				
5	Interest received		5	
6	Dividends-received (Schedule C, line 14)		6	
7	Gross rents, gross royalties, lease income, etc., and gross income from a trade or business other than an insurance business including income from Form 4797 (include gains for invested assets only)		7	
8	Net premiums received		8	
9	Total. Add lines 5 through 8		9	
10	Limitation on gross receipts from sales of capital assets. Line 4 less line 9. If zero or less, enter -0-		10	

(a) Description of capital asset	(b) Date acquired	(c) Gross sales price	(d) Cost or other basis	(e) Expense of sale	(f) Depreciation allowed (or allowable)	(g) Loss ((d) plus (e) less the sum of (c) and (f))
11						
12	Totals—column (c) must not be more than line 10. (Enter amount from column (g) in Schedule A, line 28, or Schedule B, line 15, whichever applies)					

Schedule H Special Deduction And Ending Adjusted Surplus for Section 833 Organizations (See page 18 of instructions.)

1	Health care claims incurred during the tax year and liabilities incurred during the tax year under cost-plus contracts	1	
2	Expenses incurred during the tax year in connection with the administration, adjustment, or settlement of health care claims or in connection with the administration of cost-plus contracts	2	
3	Total. Add lines 1 and 2	3	
4	Multiply line 3 by .25	4	
5	Beginning adjusted surplus	5	
6	Special deduction. Subtract line 5 from line 4. If zero or less, enter -0-. Enter here and on Schedule A, line 34a. (See page 18 of instructions for limitation.)	6	
7	Net operating loss deduction (Schedule A, line 36b)	7	
8	Net exempt income:		
a	Adjusted tax-exempt income	8a	
b	Adjusted dividends-received deduction	8b	
9	Taxable income (Schedule A, line 37)	9	
10	Ending adjusted surplus. Add lines 5 through 9	10	

Schedule I Other Information (See page 18 of instructions.)**1** Check method of accounting:

- a ☐ Cash
 b ☒ Accrual
 c ☐ Other (specify) ▶

2 Check box for kind of company:

- a ☐ Mutual
 b ☒ Stock

3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)

If "Yes," attach a schedule showing:

(a) name and Employer identification number (EIN);
 (b) percentage owned; and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.

4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?

If "Yes," enter name and EIN of the parent corporation ▶

5 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)

If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.)

Enter percentage owned ▶

6 At anytime during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes," enter:

a Percentage owned ▶ and b Owner's country ▶

c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶

7 Has the corporation elected to use its own payout pattern for discounting unpaid losses and unpaid loss adjustment expenses?**8a** Enter the total unpaid losses shown on the corporation's annual statement:

(1) for the current tax year: \$

(2) for the previous tax year: \$

b Enter the total unpaid loss adjustment expenses shown on the corporation's annual statement:(1) for the current tax year: \$ 1,134,991(2) for the previous tax year: \$ 1,546,494**9** Does the corporation discount any of the loss reserves shown on its annual statement?**10** Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$**11** If the corporation has an NOL for the tax year and is electing to forgo the carryback period, check here ▶ ☐

If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3)(i) or (ii) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years. (Do not reduce it by any deduction on line 36b, Schedule A.) ▶ \$

Note. If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N** (Form 1120), **Foreign Operations of U.S. Corporations**, to this return. See **Schedule N** for details.

Schedule L Balance Sheets per Books (All filers are required to complete this schedule.)

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		136,750		280,973
2a Trade notes and accounts receivable	789,558		1,155,079	
b Less allowance for bad debts	()	789,558	()	1,155,079
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see page 19 of instructions)		331,131		328,346
6 Other current assets (attach schedule)				
7 Loans to shareholders				
8 Mortgage and real estate loans		7,337,689		7,736,400
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	247,269		273,044	
b Less accumulated depreciation	(205,231)	42,038	(245,856)	27,188
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule)		707,116		392,701
15 Total assets		9,344,282		9,920,687
Liabilities and Shareholders' Equity				
16 Accounts payable		133,403		223,374
17 Mortgages, notes, bonds payable in less than 1 year				
18 Insurance liabilities (See page 19 of instructions)		2,818,997		2,476,420
19 Other current liabilities (attach schedule)		285,531		293,630
20 Loans from shareholders				
21 Mortgages, notes, bonds payable in 1 year or more				
22 Other liabilities (attach schedule)				
23 Capital stock: a Preferred stock				
b Common stock				
24 Head Office Account		6,115,104		8,271,419
25 Retained earnings—Appropriated (attach schedule)		(8,753)		(1,344,156)
26 Retained earnings—Unappropriated				
27 Adjustments to shareholders' equity (attach schedule)		()		()
28 Less cost of treasury stock				
29 Total liabilities and shareholders' equity		9,344,282		9,920,687

Schedule M-1 Reconciliation of Income (Loss) per Books with Income per Return (See page 19 of instructions.)
(The corporation is not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income (loss) per books	(1,335,403)	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax per books	0	a Tax-exempt interest \$	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize) section 842 Income	330,060	8 Deductions in this tax return not charged against book income this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)		a Depreciation \$ 329	
a Depreciation \$ 593		b Charitable contributions \$	
b Charitable contributions \$ 328			
c Travel and entertainment \$ 3,049		9 Add lines 7 and 8	329
Schedule 6 511,025	514,995	10 Income (Schedule A, line 35)—	
6 Add lines 1 through 5	(490,348)	subtract line 9 from line 6	(490,677)

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (line 26, Schedule L)

1 Balance at beginning of year	(8,753)	5 Distributions: a Cash	
2 Net income (loss) per books	(1,335,403)	b Stock	
3 Other increases (itemize)		c Property	
		6 Other decreases (itemize)	
		7 Add lines 5 and 6	0
4 Add lines 1, 2, and 3	(1,344,156)	8 Balance at end of year (subtract line 7 from line 4)	(1,344,156)

Depreciation and Amortization

(Including Information on Listed Property)

OMB No. 1545-0172

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach this form to your return.

2001Attachment
Sequence No. 67

Name(s) shown on return

Business or activity to which this form relates

Identifying number

QBE INSURANCE (INT'L) LIMITED

FORM 1120

66-0516613

Part I Election To Expense Certain Tangible Property Under Section 179

Note: If you have any "listed property," complete Part V before you complete Part I.

1 Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions	1	\$24,000
2 Total cost of section 179 property placed in service (see page 2 of the instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	

(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6		
7 Listed property. Enter amount from line 27	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from 2000 (see page 3 of the instructions)	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2002. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service Only During Your 2001 Tax Year (Do not include listed property.)**Section A - General Asset Account Election**

- 14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions ☐

Section B - General Depreciation System (GDS) (See page 3 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		3,275	5	HY	200 DB	655
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C - Alternative Depreciation System (ADS) (See page 5 of the instructions.)

16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part III Other Depreciation (Do not include listed property.) (See instructions beginning on page 5.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 2001	17	13,240
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	1,566

Part IV Summary (See page 6 of the instructions.)

20 Listed property. Enter amount from line 26	20	6,012
21 Total. Add deductions from line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	21,473
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

For Paperwork Reduction Act Notice, see the separate instructions.

EEA

Form 4562 (2001)

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See page 7 of the instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed?					Yes	No	23b If "Yes," is the evidence written?			Yes	No
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost			
24 Property used more than 50% in a qualified business use (see page 6 of the instructions):											
96 SUBARU	09121996	100 %	21,949	21,949	5	200DBHY	1,775				
MITSUBISHI	07011997	100 %	27,995	27,995	5	200DBMQ	1,775				
TOYOTA CAM	10081997	100 %	22,500	22,500	5	200DBMQ	2,462				
25 Property used 50% or less in a qualified business use (see page 6 of the instructions):											
		%				SL-					
		%				SL-					
		%				SL-					
26 Add amounts in column (h). Enter the total here and on line 20, page 1							26	6,012			
27 Add amounts in column (i). Enter the total here and on line 7, page 1							27				

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
28 Total business/investment miles driven during the year (do not include commuting miles - see page 2 of the instructions)						
29 Total commuting miles driven during the year						
30 Total other personal (noncommuting) miles driven						
31 Total miles driven during the year. Add lines 28 through 30						
	Yes	No	Yes	No	Yes	No
32 Was the vehicle available for personal use during off-duty hours?						
33 Was the vehicle used primarily by a more than 5% owner or related person?						
34 Is another vehicle available for personal use?						

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see page 8 of the instructions).

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use? (See page 8 of the instructions.)		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 2001 tax year (see instructions beginning on page 8):					
41 Amortization of costs that began before your 2001 tax year				41	329
42 Total. Add amounts in column (f). See page 9 of the instructions for where to report				42	329

Sales of Business Property

(Also Voluntary Conversions and Recapture Accounts
Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

2001

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return. ▶ See separate instructions.

Attachment
Sequence No. 27

Name(s) shown on return

Identifying number

QBE INSURANCE (INT'L) LIMITED

66-0516613

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2001 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft -- Most Property Held More Than 1 Year (See instructions.)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements & expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2						
3 Gain, if any, from Form 4684, line 39						3
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37						4
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824						5
6 Gain, if any, from line 32, from other than casualty or theft						6
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:						7
Partnerships (except electing large partnerships). Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6. Skip lines 8, 9, 11, and 12 below. S corporations. Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7 is a gain and the S corporation is subject to the capital gains tax. All others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below.						
8 Nonrecaptured net section 1231 losses from prior years (see instructions)						8
9 Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions):						9
S corporations. Enter any gain from line 9 on Schedule D (Form 1120S), line 15, and skip lines 11 and 12 below. All others. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below, and enter the gain from line 9 as a long-term capital gain on Schedule D.						

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

2001 DISPOSALS						
			1,590	1,590	1,590	1,590
11 Loss, if any, from line 7						11 ()
12 Gain, if any, from line 7 or amount from line 8, if applicable						12
13 Gain, if any, from line 31						13
14 Net gain or (loss) from Form 4684, lines 31 and 38a						14
15 Ordinary gain from installment sales from Form 6252, line 25 or 36						15
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824						16
17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions)						17
18 Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows:						18 1,590
a For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed. b For individual returns:						
(1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18b(1)." See instructions						18b(1)
(2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14						18b(2)

For Paperwork Reduction Act Notice, see page 7 of the instructions.

EEA

Form 4797 (2001)

December 31, 2001

Schedule #1

Form 1120-PC, Page 2, Schedule A, Line 13

Other Income Statement

Section 842 Investment Income	330,060
Sundry Income	<u>113,248</u>
Total	<u><u>443,308</u></u>

Form 1120-PC, Page 2, Schedule A, Line 31

Other Deductions Statement

Amortization	329
Commissions	673,558
Deferred acquisition cost	104,947
Administrative expense	180,000
50% entertainment	3,049
Sundries	930,929
Investment expense	<u>565,209</u>
	<u><u>2,458,021</u></u>

Schedule #2

Form 1120-PC, Page 8, Schedule L, Line 6
Other Current Assets Statement

	<u>Beginning Balance</u>	<u>Ending Balance</u>
Accrued investment income	47,588	48,657
Prepaid expenses	14,865	11,004
Prepaid income tax	254,694	254,694
Sundry debtors	13,984	13,991
	<u>331,131</u>	<u>328,346</u>

Form 1120-PC, Page 8, Schedule L, Line 9
Other Investments Statement

	<u>Beginning Balance</u>	<u>Ending Balance</u>
Investment	<u>7,337,689</u>	<u>7,736,400</u>
	<u>7,337,689</u>	<u>7,736,400</u>

Form 1120-PC, Page 8, Schedule L, Line 14
Other Assets Statement

	<u>Beginning Balance</u>	<u>Ending Balance</u>
Deferred commissions	<u>707,116</u>	<u>392,701</u>
	<u>707,116</u>	<u>392,701</u>

Form 1120-PC, Page 8, Schedule L, Line 19
Other Current Liabilities Statement

	<u>Beginning Balance</u>	<u>Ending Balance</u>
Accrued expenses	85,659	29,239
Provision for doubtful debts	124,315	212,023
Provision for holiday pay	21,535	6,637
Due from other creditors	<u>54,022</u>	<u>45,731</u>
	<u>285,531</u>	<u>293,630</u>

December 31, 2001

Schedule 3

Computation of Guam Net Equity Under Reg. Sec. 1.884-1
Form 1120-F, Page 5, Section III, Part I, Lines 4a and 4b

	<u>12/31/2000</u>	<u>12/31/2001</u>
(1) Asset Determination		
Guam Assets	9,344,282	9,920,687
<u>Less: Interbranch Assets</u>	<u>0</u>	<u>0</u>
Guam Connected Assets	9,344,282	9,920,687
(2) Liability Determination:		
Fixed Ratio	50.00%	50.00%
Guam Connected Assets	9,344,282	9,920,687
<u>Guam Connected Liabilities</u>	<u>4,672,141</u>	<u>4,960,344</u>
Reduction in Liabilities	<u>0</u>	<u>0</u>
Guam Adjusted Liabilities	4,672,141	4,960,343
(3) Guam Net Equity	4,672,141	4,960,344

SECTION III—Branch Profits Tax and Tax on Excess Interest

Part I—Branch Profits Tax (See page 19 of instructions.)

1	Enter the amount from Section II, line 29	1	(490,677)
2	Enter total adjustments to line 1 made to get effectively connected earnings and profits. (Attach a schedule showing the nature and amount of adjustments.) (See instructions.) Schedule #5	2	(3,642)
3	Effectively connected earnings and profits. Combine line 1 and line 2. Enter the result here	3	(494,319)
4a	Enter U.S. net equity at the end of the current tax year. (Attach schedule.) Schedule #3	4a	4,960,344
b	Enter U.S. net equity at the end of the prior tax year. (Attach schedule.) Schedule #3	4b	4,672,141
c	Increase in U.S. net equity. If line 4a is greater than or equal to line 4b, subtract line 4b from line 4a. Enter the result here and skip to line 4e	4c	288,203
d	Decrease in U.S. net equity. If line 4b is greater than line 4a, subtract line 4a from line 4b. Enter the result here	4d	
e	Non-previously taxed accumulated effectively connected earnings and profits. Enter excess, if any, of effectively connected earnings and profits for preceding tax years beginning after 1986 over any dividend equivalent amounts for those tax years	4e	
5	Dividend equivalent amount. Subtract line 4c from line 3. Enter the result here. If zero or less, enter -0-. If no amount is entered on line 4c, add the lesser of line 4d or line 4e to line 3 and enter the total here	5	0
6	Branch profits tax. Multiply line 5 by 30% (or lower treaty rate if the corporation is a qualified resident or otherwise qualifies for treaty benefits). Enter here and include on line 3, page 1. (See instructions.) Also complete Items W and X below	6	0

Part II—Tax on Excess Interest (See page 20 of instructions.)

7a	Enter the interest from Section II, line 18	7a	
b	Enter the interest apportioned to the effectively connected income of the foreign corporation that is capitalized or otherwise nondeductible.	7b	
c	Add lines 7a and 7b	7c	
8	Enter the branch interest (including capitalized and other nondeductible interest). (See instructions for definition.) If the interest paid by the foreign corporation's U.S. trade or business was increased because 80% or more of the foreign corporation's assets are U.S. assets, check this box <input type="checkbox"/>	8	
9a	Excess interest. Subtract line 8 from line 7c. If zero or less, enter -0-.	9a	
b	If the foreign corporation is a bank, enter the excess interest treated as interest on deposits. Otherwise, enter -0-. (See instructions.)	9b	
c	Subtract line 9b from line 9a	9c	
10	Tax on excess interest. Multiply line 9c by 30% or lower treaty rate (if the corporation is a qualified resident or otherwise qualifies for treaty benefits). (See instructions.) Enter here and include on line 3, page 1. Also complete Items W and X below	10	

Additional Information Required (continued from page 2)

	Yes	No	
V Is the corporation claiming a reduction in, or exemption from, the branch profits tax due to:			X If the corporation is claiming it is a qualified resident of its country of residence for purposes of computing its branch profits tax and excess interest tax, check the basis for that claim:
(1) A complete termination of all U.S. trades or businesses?		X	Stock ownership and base erosion test <input type="checkbox"/>
(2) The tax-free liquidation or reorganization of a foreign corporation?		X	Publicly traded test <input type="checkbox"/>
(3) The tax-free incorporation of a U.S. trade or business?		X	Active trade or business test <input type="checkbox"/>
If (1) applies or (2) applies and the transferee is domestic, attach Form 8848. If (3) applies, attach the statement required by Regulations section 1.884-2T(d)(5).			Private letter ruling <input type="checkbox"/>
W Is the corporation taking a position on this return that a U.S. tax treaty overrules or modifies an Internal Revenue law of the United States thereby causing a reduction of tax?		X	Y During the tax year, did the corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," attach a statement listing the name, country under whose laws the entity was organized, and EIN (if any) of each entity
If "Yes," complete and attach Form 8833.			
Note: Failure to disclose a treaty-based return position may result in a \$10,000 penalty (see section 6712).			Z During the tax year, did the corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? If "Yes," see page 20 of instructions for required attachment

Schedule 5

Adjustments made to get Effectively Connected Earnings and Profits
Form 1120-F, Page 5, Section III, Part I, Line 2

Depreciation	(264)
Non-deductible contributions	(329)
Non-deductible entertainment	<u>(3,049)</u>
	<u>(3,642)</u>

Insurance (International) Limited
EIN: 66-0516613
December 31, 2001

Schedule #6

Form 1120-PC, Page 8, Schedule M-1, Line 5c

Expenses recorded on books this year not deducted on this return

Unearned premiums	441,027
Unpaid losses	<u>69,998</u>
Total	<u><u>511,025</u></u>

Depreciation Detail Listing

FORM 1120 - 1

For your records only

2001

PAGE 1

Name(s) as shown on return

Social security number/EIN

QBE INSURANCE (INT'L) LIMITED

66-0516613

No.	Description	Date	Cost	Salvage	Business percentage	Section 179	Depreciation Basis	Life	Method	Rate	Current depr.	Accumulated Depreciation	Prior expense	AMT Method	AMT Life	AMT Current
1	DIGITAL CAMERA	08211998	1,887		100.00		1,887	5	200 DB HY	11.52	217	1,504		150 DB HY	5	314
2	CELERON	12111998	1,003		100.00		1,003	5	200 DB HY	11.52	116	740		150 DB HY	5	167
3	CELERON/32MB	12181998	520		100.00		520	5	200 DB HY	11.52	60	384		150 DB HY	5	87
4	SONY STEREO SET	02251995	480		100.00		480	5		0					5	
5	IBM TYPEWRITER	07061995	150		100.00		150	5		0					5	
6	ACCPAC SOFTWARE	03171995	1,272		100.00		1,272	5		0		1,272			5	
7	HP LASERJET	05101995	3,757		100.00		3,757	5		0		3,757			5	
8	RG-58 BELDON CABLE	05101995	335		100.00		335	5		0		335			5	
9	HP DUPLEXING ASSEMBLY	06091995	720		100.00		720	5		0		720			5	
10	INST. NETWORK SERVER	06291995	1,705		100.00		1,705	5		0		1,704			5	
11	HP LASERJET	06291995	1,695		100.00		1,695	5		0		1,695			5	
12	SOFTWARE - NOVELL	07061995	2,150		100.00		2,150	5		0		2,150			5	
13	DIRECT ACCESS MENIUG	07061995	695		100.00		695	5		0		695			5	
14	CLARION DEV SYSTEM	07061995	330		100.00		330	5		0		330			5	
15	2 GENICOM, 1HP11	07061995	2,825		100.00		2,825	5		0		2,825			5	
16	ACCPAC WINDOWS	07181995	195		100.00		195	5		0		194			5	
17	RECORDER	08211996	110		100.00		110	5	200 DB HY	5.76	6	110		150 DB HY	5	6
18	ARIA INTEL PENTIUM	08211997	1,775		100.00		1,775	5	200 DB MQ	11.3	201	1,669		150 DB MQ	5	294
19	100 MB ZIP DRIVE	09041997	225		100.00		225	5	200 DB MQ	11.3	25	211		150 DB MQ	5	37
20	LASERJET	10171997	309		100.00		309	5	200 DB MQ	10.94	34	290		150 DB MQ	5	51
21	DISHWASHER, WATER HEA	07181995	5,200		100.00		5,200	7	200 DB HY	8.93	464	4,968		150 DB HY	10	454
22	TELEPHONE LINES	05171995	640		100.00		640	7	200 DB HY	8.93	57	611		150 DB HY	10	56
23	OFFICE DESKS/TABLES	06161995	9,470		100.00		9,470	7	200 DB HY	8.93	846	9,049		150 DB HY	10	828
24	OFFICE DESKS/TABLES	06261995	4,887		100.00		4,887	7	200 DB HY	8.93	436	4,668		150 DB HY	10	427
25	VERTICAL BLINDS	07111995	1,758		100.00		1,758	7	200 DB HY	8.93	157	1,680		150 DB HY	10	15
26	SIGNAGE	07031995	615		100.00		615	7	200 DB HY	8.93	55	588		150 DB HY	10	54
27	SIGNAGE	07181995	3,310		100.00		3,310	7	200 DB HY	8.93	296	3,163		150 DB HY	10	289
28	SIGNAGE	06081995	3,950		100.00		3,950	7	200 DB HY	8.93	353	3,774		150 DB HY	10	345
29	QBE BANNER	06081995	160		100.00		160	7	200 DB HY	8.93	14	152		150 DB HY	10	14
30	SECURITY SYSTEM	07181995	2,222		100.00		2,222	7	200 DB HY	8.93	198	2,122		150 DB HY	10	194

Depreciation Detail Listing

2001
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FORM 1120 - 1

For your records only

Name(s) as shown on return

Social security number/EIN

QBE INSURANCE (INT'L) LIMITED

66-0516613

No.	Description	Date	Cost	Salvage	Business percentage	Section 179	Depreciation Basis	Life	Method	Rate	Current depr.	Accumulated Depreciation	Prior expense	AMT Method	AMT Life	AMT Current
31	EXTERIOR DOOR	08101995	450		100.00		450	7	200 DB HY	8.93	40	429		150 DB HY	10	39
32	TELEPHONE EQUIPMENT	08141995	1,644		100.00		1,644	7	200 DB HY	8.93	147	1,571		150 DB HY	10	144
33	SIGN & ELECTRIC	08211995	762		100.00		762	7	200 DB HY	8.93	68	728		150 DB HY	10	67
34	AIR CLEANER	08141995	393		100.00		393	7	200 DB HY	8.93	35	375		150 DB HY	10	34
35	FABRICATION-SIGN	09051995	225		100.00		225	7	200 DB HY	8.93	20	215		150 DB HY	10	20
36	FABRICATION	09081995	1,732		100.00		1,732	7	200 DB HY	8.93	155	1,655		150 DB HY	10	151
37	QBE SIGN	09131995	500		100.00		500	7	200 DB HY	8.93	45	479		150 DB HY	10	44
38	OFFICE PLANTS	10111995	201		100.00		201	7	200 DB HY	8.93	18	192		150 DB HY	10	18
39	OFFICE PLANTS	10171995	130		100.00		130	7	200 DB HY	8.93	12	125		150 DB HY	10	11
40	AIR PURIFIER	12041995	1,104		100.00		1,104	7	200 DB HY	8.93	99	1,055		150 DB HY	10	96
41	SOFA & LOVESEAT	02251995	500		100.00		500	7	200 DB HY	8.93	45	479		150 DB HY	10	44
42	DINING SET W/ 6 CHAIR	02251995	600		100.00		600	7	200 DB HY	8.93	54	575		150 DB HY	10	52
43	COFFEE TABLE	02251995	350		100.00		350	7	200 DB HY	8.93	31	334		150 DB HY	10	31
44	VACUUM CLEANER	02251995	100		100.00		100	7	200 DB HY	8.93	9	96		150 DB HY	10	9
45	ENTERTAINMENT CENTER	02251995	300		100.00		300	7	200 DB HY	8.93	27	287		150 DB HY	10	26
46	SHARP TV	02251995	300		100.00		300	7	200 DB HY	8.93	27	287		150 DB HY	10	26
47	SONY VCR	02251995	180		100.00		180	7	200 DB HY	8.93	16	172		150 DB HY	10	16
48	SONY MICROWAVE OVEN	02251995	100		100.00		100	7	200 DB HY	8.93	9	96		150 DB HY	10	9
49	1 QUEEN SIZE BED	02251995	150		100.00		150	7	200 DB HY	8.93	13	85		150 DB HY	10	13
50	2 TWIN SIZE BEDS	02251995	100		100.00		100	7	200 DB HY	8.93	9	96		150 DB HY	10	9
51	2 WHITE LAMPS	02251995	100		100.00		100	7	200 DB HY	8.93	9	96		150 DB HY	10	9
52	1 MIRROR W/ GOLD TRIM	02251995	100		100.00		100	7	200 DB HY	8.93	9	96		150 DB HY	10	9
53	1 CHEST OF WHITE DRAW	02251995	50		100.00		50	7	200 DB HY	8.93	4	46		150 DB HY	10	4
54	1 CHEST OF 5 DRAWERS	02251995	100		100.00		100	7	200 DB HY	8.93	9	96		150 DB HY	10	9
55	BEDSIDE TABLES	02251995	300		100.00		300	7	200 DB HY	8.93	27	287		150 DB HY	10	26
56	2 WHITE BEDSIDE TABLE	02251995	75		100.00		75	7	200 DB HY	8.93	7	73		150 DB HY	10	7
57	1 WHITE BED & MATTRESS	08021995	299		100.00		299	7	200 DB HY	8.93	27	287		150 DB HY	10	26
58	MATTRESSES (2)	08021995	478		100.00		478	7	200 DB HY	8.93	43	458		150 DB HY	10	42
59	1 COMPUTER DESK	08241995	849		100.00		849	7	200 DB HY	8.93	76	812		150 DB HY	10	74
60	3 PC ROSEWOOD ENT CEN	08241995	1,490		100.00		1,490	7	200 DB HY	8.93	133	1,424		150 DB HY	10	130

Depreciation Detail Listing

FORM 1120 - 1
For your records only

2001
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Name(s) as shown on return

Social security number EIN

GBE INSURANCE (INT'L) LIMITED

66-0516613

Line	Description	Date	Cost	Salvage	Business percentage	Section 179	Depreciation Basis	Life	Method	Rate	Current depr.	Accumulated Depreciation	Prior expense	AMT Method	AMT Life	AMT Current
61	3 PC ROSEWOOD COFFEE	08241995	895		100.00		895 7	200 DB HY	8.93	80	855			150 DB HY	10	78
62	TELEVISION & VCR	09251995	400		100.00		400 7	200 DB HY	8.93	36	383			150 DB HY	10	35
63	COMFORT BLACK	09251995	788		100.00		788 7	200 DB HY	8.93	70	752			150 DB HY	10	69
64	CHILDRENS B/RM FURNIT	09251995	1,160		100.00		1,160 7	200 DB HY	8.93	104	1,109			150 DB HY	10	101
65	OFFICE DESK	07031995	3,160		100.00		3,160 7	200 DB HY	8.93	282	3,019			150 DB HY	10	276
66	WAGON	07031995	1,050		100.00		1,050 7	200 DB HY	8.93	94	1,004			150 DB HY	10	92
67	4 HB W/ ARM	07031995	1,000		100.00		1,000 7	200 DB HY	8.93	89	955			150 DB HY	10	87
68	17MB W/ ARM	07031995	3,145		100.00		3,145 7	200 DB HY	8.93	281	3,006			150 DB HY	10	275
69	1 BIF UC300 BLK CHAR	07031995	285		100.00		285 7	200 DB HY	8.93	25	271			150 DB HY	10	25
70	1 OFFICE DESK	07031995	195		100.00		195 7	200 DB HY	8.93	17	185			150 DB HY	10	17
71	1 WHITE BOARD	07031995	235		100.00		235 7	200 DB HY	8.93	21	225			150 DB HY	10	21
72	5 3DR LATERAL FILE	07031995	3,245		100.00		3,245 7	200 DB HY	8.93	290	3,100			150 DB HY	10	284
73	4 2 DR LATERAL FILE	07031995	2,196		100.00		2,196 7	200 DB HY	8.93	196	2,098			150 DB HY	10	192
74	1 LEO INT 11 CSM REF	07031995	499		100.00		499 7	200 DB HY	8.93	45	478			150 DB HY	10	44
75	1 REFRIGERATOR	07031995	299		100.00		299 7	200 DB HY	8.93	27	287			150 DB HY	10	26
76	1 MICROWAVE OVEN	07031995	177		100.00		177 7	200 DB HY	8.93	16	170			150 DB HY	10	15
77	1 CONFERENCE TABLE	07031995	500		100.00		500 7	200 DB HY	8.93	45	479			150 DB HY	10	44
78	1 OFFICE DESK MEL	07031995	195		100.00		195 7	200 DB HY	8.93	17	185			150 DB HY	10	17
79	1 COMPUTER DESK KOK	07031995	438		100.00		438 7	200 DB HY	8.93	39	418			150 DB HY	10	38
80	2 FIRE PROOF 4 DR	07031995	800		100.00		800 7	200 DB HY	8.93	71	763			150 DB HY	10	70
81	COMP CHR 2 HANGING	07061995	200		100.00		200 7	200 DB HY	8.93	18	192			150 DB HY	10	17
82	LATERAL FILE CABINE	07061995	1,077		100.00		1,077 7	200 DB HY	8.93	96	1,029			150 DB HY	10	94
83	PAPER SHREDDER	08021995	203		100.00		203 7	200 DB HY	8.93	18	194			150 DB HY	10	18
84	1 FIRE KING SAFE	08101995	774		100.00		774 7	200 DB HY	8.93	69	739			150 DB HY	10	68
85	5 OFFICE DESK	08231995	1,725		100.00		1,725 7	200 DB HY	8.93	154	1,648			150 DB HY	10	151
86	1 WHITE BOARD	08231995	235		100.00		235 7	200 DB HY	8.93	21	225			150 DB HY	10	21
87	6 WAGON	08231995	900		100.00		900 7	200 DB HY	8.93	80	859			150 DB HY	10	79
88	4 LATERAL FILE CABINE	08231995	2,596		100.00		2,596 7	200 DB HY	8.93	232	2,481			150 DB HY	10	227
89	4 LATERAL FILE CABINE	08231995	2,596		100.00		2,596 7	200 DB HY	8.93	232	2,481			150 DB HY	10	227
90	3 PICTURE FRAMES	10131995	837		100.00		837 7	200 DB HY	8.93	75	801			150 DB HY	10	73

Depreciation Detail Listing

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For your records only

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(e)(s) as shown on return

OBE INSURANCE (INT'L) LIMITED

Social security number/EIN
66-0516613

Description	Date	Cost	Salvage	Business percentage	Section 179	Depreciation Basis	Life	Method	Rate	Current depr.	Accumulated Depreciation	Prior expense	AMT Method	AMT Life	AMT Current
1 3 LATERAL FILING CABI	10131995	1,947		100.00		1,947	7	200 DB HY	8.93	174	1,861		150 DB HY	10	170
2 TELEPHONE LINE	02211996	375		100.00		375	7	200 DB HY	8.92	33	324		150 DB HY	10	33
3 WINDOW SHUTTERS	04171996	850		100.00		850	7	200 DB HY	8.92	76	756		150 DB HY	10	74
4 LOCK	02211996	200		100.00		200	7	200 DB HY	8.92	18	174		150 DB HY	10	17
5 OCEANA BUS IMPRO	06051995	4,160		100.00		4,160	39	SL	2.564	107	699		SL	40	104
6 OCEANA-PARTITION	06131995	6,240		100.00		6,240	39	SL	2.564	160	1,047		SL	40	156
7 OCEANA-PAINTING	06151995	4,000		100.00		4,000	39	SL	2.564	103	670		SL	40	100
8 OCEANA-FABRICATI	06261995	7,645		100.00		7,645	39	SL	2.564	196	1,282		SL	40	191
9 PARA OCEANA - KITCHEN	07111995	7,522		100.00		7,522	39	SL	2.564	193	1,246		SL	40	188
10 PARA OCEANA STORAGE R	07281995	2,848		100.00		2,848	39	SL	2.564	73	472		SL	40	71
11 PARA OCEANA - DOORS	07281995	496		100.00		496	5	SL	0		107		SL	40	12
12 CONSTRUCTION STORAGE	08141995	750		100.00		750	39	SL	2.564	19	122		SL	40	19
13 PARA OCEANA - LHI	09191995	16,189		100.00		16,189	39	SL	2.564	415	2,609		SL	40	405
14 KITCHEN DOOR EXIT	12271995	869		100.00		869	39	SL	2.564	22	134		SL	40	22
15 SHELVING STORAGE	09151997	600		100.00		600	39	SL	2.564	15	65		SL	40	15
16 SHELVING STORAGE	09261997	400		100.00		400	39	SL	2.564	10	43		SL	40	10
17 12 WINDOWS 95	04031998	1,167		100.00		1,167	5	SL	20	233	1,147		SL	5	233
18 SUBARU LEGACY	09121996	21,949		100.00		21,949	5	200 DB HY	5.76	1,775	16,235		150 DB HY	5	1,828
19 MITSUBISHI MONTERO	07011997	27,995		100.00		27,995	5	200 DB MQ	11.3	1,775	14,760		150 DB MQ	5	4,639
20 MATCHAIR 45X53	01121999	546		100.00		546	7	200 DB HY	14.81		546		SL	7	
21 SHELVING AND LABOR	04011999	5,620		100.00		5,620	7	200 DB HY	14.81		5,620		SL	7	
22 350X 64MB NIC	06021999	3,046		100.00		3,046	5	200 DB HY	14.81		3,046		SL	5	
23 CPU P11-350 KAL	06291999	1,537		100.00		1,537	5	200 DB HY	14.81		1,537		SL	5	
24 FAN SECC2 P11 FAN	06291999	102		100.00		102	5	200 DB HY	14.81		102		SL	5	
25 MEM 64MB S-DRAM	06291999	539		100.00		539	5	200 DB HY	14.81		539		SL	5	
26 HD 6.4GB FUJITSU	06291999	1,127		100.00		1,127	5	200 DB HY	14.81		1,127		SL	5	
27 AMPTRON P11-3748	06291999	1,025		100.00		1,025	5	200 DB HY	14.81		1,025		SL	5	
28 LITE-ON SK-1100	06291999	160		100.00		160	5	200 DB HY	14.81		160		SL	5	
29 MSE A4TECH SAM-5	06291999	96		100.00		96	5	200 DB HY	14.81		96		SL	5	
30 CD 24X IDE (OEM)	06291999	214		100.00		214	5	200 DB HY	14.81		214		SL	5	

Depreciation Detail Listing

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For your records only

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Name(s) as shown on return

Social security number EIN

QBE INSURANCE (INT'L) LIMITED

66-0516613

No.	Description	Date	Cost	Salvage	Business percentage	Section 179	Depreciation Basis	Life	Method	Rate	Current depr.	Accumulated Depreciation	Prior expense	AMT Method	AMT Life	AMT Current
1218	MNTR 15" DECAVIEW	06291999	1,409		100.00	1,409	0	5	200 DB HY	14.81		1,409	1,409	200 DB HY	5	329
1227	MS WINDOWS 98 COMP	06291999	986		100.00		986	3	AMT	33.33	329	822		AMT	3	3
1237	CASE 82-D MINI TOWE	06291999	294		100.00		294	5	200 DB HY	19.2		294		150 DB HY	5	5
1241	61-NETWORK SERVER	11091999	1,163		100.00		1,163	5	200 DB HY	19.2	223	828		150 DB HY	5	5
1251	62 REPAIR/REMOVAL	06171999	435		100.00		435	39	SL	2.564	11	28		SL	40	11
1251	63 REPAIR/REMOVAL	06221999	350		100.00		350	39	SL	2.564	9	23		SL	40	9
1271	64 BLACKOUT BUSTER	06021999	406		100.00	406	0	5	200 DB HY	14.81		406	406	200 DB HY	5	5
1281	3 POWER BLACKOUT BUS	06071999	1,716		100.00	1,716	0	5	200 DB HY	14.81	1,968	1,716	1,716	200 DB HY	5	5
1291	MANAGER'S FURNITURE	10012000	7,142		100.00		7,142	7	200 DB MQ	27.55	186	2,989		150 DB MQ	7	7
1301	DIGITAL CAMERA	10012000	489		100.00		489	5	200 DB MQ	38	207	284		150 DB MQ	5	5
1311	COMPUTER UPGRADE	11012000	544		100.00		544	5	200 DB MQ	38	2,757	316		150 DB MQ	5	5
1321	PRINTERS	07012000	8,109		100.00		8,109	5	200 DB MQ	34	4,195	4,379		150 DB MQ	5	5
1331	PRIOR YEAR F/A	09051995	4,195		100.00		4,195	5		0	2,462	4,195		150 DB MQ	5	5
1341	TOYOTA CAMRY	10081997	22,500		100.00		22,500	5	200 DB MQ	10.94	655	7,287		150 DB HY	5	5
1352	2001 FIXED ASSETS	06302001	3,275		100.00		3,275	5	200 DB HY	20		655				
Totals			273,044			17,543	255,501				21,802	178,763	17,543			24,720

2002

For calendar year 2002 or tax year beginning _____, and ending _____
▶ Instructions are separate. See page 19 for Paperwork Reduction Act Notice.

A Check applicable box if an election has been made under section(s):
(1) ☐ 953(c)(3)(C)
(2) ☐ 953(d)

Please type or print

Name
QBE Insurance (International) Limited
Number and street, and room or suite no. (If a P.O. box, see page 6 of Instructions)
674 Harmon Loop Road
City or town, state, and ZIP code
Dededo, GU 96912

B Employer identification number
66-0516613
C Date incorporated
10/01/1886
D Check if a consolidated return (Attach Form 851) ☐

E Check if: (1) Final return (2) Name change (3) Address change (4) Amended return

Tax Computation and Payments

1	Taxable income (Schedule A, line 37)	1	
2	Taxable investment income for electing small companies (Schedule B, line 21)	2	
3	Check if a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/> Important: Members of a controlled group, see instructions on page 7.		
a	If the box on line 3 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) _____ (2) _____ (3) _____		
b	Enter the corporation's share of: (1) additional 5% tax (not to exceed \$11,750) \$ _____ (2) additional 3% tax (not to exceed \$100,000) \$ _____		
4	Income tax	4	
5	Enter amount of tax that a reciprocal must include	5	
6	Alternative minimum tax (attach Form 4626)	6	
7	Total. Add lines 4 through 6	7	
8a	Foreign tax credit (attach Form 1118)	8a	
b	Other credits (see page 8 of instructions)	8b	
c	General business credit. Check box(es) and indicate which forms are attached: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶ _____	8c	
d	Credit for prior year minimum tax (attach Form 8827)	8d	
e	Qualified zone academy bond credit (attach Form 8860)	8e	
f	Total credits. Add lines 8a through 8e	8f	
9	Subtract line 8f from line 7	9	
10	Foreign corporations - Tax on income not connected with U.S. business Schedule 1 (BPT)	10	6,103
11	Personal holding company tax (attach Schedule PH (Form 1120))	11	
12	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Other (attach schedule).	12	
13	Total tax. Add lines 9 through 12	13	6,103
14a	Payments: 2001 overpayment credited to 2002	14a	254,694
b	Prior year(s) special estimated tax payments to be applied	14b	
c	2002 estimated tax payments (see instructions)	14c	
d	2002 special estimated tax payments (Do not include on line 14f)	14d	
e	Less 2002 refund applied for on Form 4466	14e	
f	Enter the total of lines 14a through 14c less line 14e	14f	254,694
g	Tax deposited with Form 7004	14g	
h	Credit by reciprocal for tax paid by attorney-in-fact under section 835(d)	14h	
i	Other credits and payments	14i	
14j		14j	254,694
15	Estimated tax penalty (see page 9 of instructions). Check if Form 2220 is attached <input type="checkbox"/>	15	
16	Tax due. If line 14j is smaller than the total of lines 13 and 15, enter amount owed	16	
17	Overpayment. If line 14j is larger than the total of lines 13 and 15, enter amount overpaid	17	248,591
18	Enter amount of line 17 you want: Credited to 2003 estimated tax \$ _____ Refunded ▶ <input type="checkbox"/>	18	248,591

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer *Fogelstein* Date *6-30-03* Title *MANAGER*

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid

Preparer's signature *[Signature]*
Firm's name (or yours if self-employed) *Ernst & Young LLP*
address, and ZIP code *231 Ypao Road, Suite 201 Tamuning, GU 96913*

Date *6/13/03*

Check if self-employed ☐

Preparer's SSN or PTIN

586-74-4371

EIN *66-0526565*

Phone no. *(671) 649-3700*

Form 1120-PC (2002)

Schedule A Taxable Income - Section 832 (See page 9 of instructions.)

		1	619,561
		2	
1 Premiums earned (Schedule E, line 7)			
2 Dividends (Schedule C, line 14)			
		(a) Interest received	(b) Amortization of premium
3a Gross interest		175,557	
b Interest exempt under section 103			
c Subtract line 3b from line 3a		175,557	
d Taxable interest. Subtract line 3c, column (b) from line 3c, column (a)		3d	175,557
4 Gross rents		4	
5 Gross royalties		5	
6 Capital gain net income (attach Schedule D (Form 1120))		6	
7 Net gain or (loss) (Form 4797, Part II, line 18 (attach Form 4797))		7	-7,964
8 Certain mutual fire or flood insurance company premiums (section 832(b)(1)(D))		8	
9 Income on account of special income and deduction accounts		9	
10 Income from protection against loss account (see instructions)		10	
11 Mutual interinsurers or reciprocal underwriters - decrease in subscriber accounts		11	
12 Income from a special loss discount account (attach Form 8816)		12	
13 Other income (attach schedule)		13	412,149
14 Gross income. Add lines 1 through 13		14	1,199,303
15 Compensation of officers (attach schedule) (see page 10 of instructions)		15	
16 Salaries and wages (less employment credits)		16	
17 Agency balances and bills receivable that became worthless during the tax year		17	
18 Rents		18	
19 Taxes and licenses		19	285,089
20a Interest		20c	
21 Charitable contributions (see page 12 of instructions for 10% limitation)		21	
22 Depreciation (attach Form 4562)		22	15,876
23 Depletion		23	
24 Pension, profit-sharing, etc., plans		24	
25 Employee benefit programs		25	
26 Losses incurred (Schedule F, line 14)		26	-641,860
27 Additional deduction (attach Form 8816)		27	
28 Other capital losses (Schedule G, line 12, column (g))		28	
29 Dividends to policyholders		29	
30 Mutual interinsurers or reciprocal underwriters - increase in subscriber accounts		30	
31 Other deductions (see page 13 of instructions) (attach schedule)		31	1,498,772
32 Total deductions. Add lines 15 through 31		32	1,157,877
33 Subtotal. Subtract line 32 from line 14		33	41,426
34a Special deduction for section 833 organizations (Schedule H, line 6)		34a	
b Deduction on account of special income and deduction accounts		34b	
c Total. Add lines 34a and 34b		34c	
35 Subtotal. Subtract line 34c from line 33		35	41,426
36a Dividends-received deduction (Schedule C, line 25)		36a	
b Net operating loss deduction		36b	41,426
c Total. Add lines 36a and 36b		36c	41,426
37 Taxable income (subtract line 36c from line 35). Enter here and on page 1, line 1		37	

Form 1120-PC (2002)

Schedule B Part I - Taxable Investment Income of Electing Small Companies - Section 834 (See page 14 of instructions.)

		(a) Interest received	(b) Amortization of premium	
Income	1a Gross interest			
	b Interest exempt under section 103			
	c Subtract line 1b from line 1a			
	d Taxable interest. Subtract line 1c, column (b) from line 1c, column (a).			1d
Deductions	2 Dividends (Schedule C, line 14)			2
	3 Gross rents			3
	4 Gross royalties			4
	5 Gross income from a trade or business, other than an insurance business, and from Form 4797			5
	6 Income from leases described in sections 834(b)(1)(B) and 834(b)(1)(C)			6
	7 Gain from Schedule D (Form 1120), line 14			7
	8 Gross investment income. Add lines 1d through 7			8
	9 Real estate taxes			9
	10 Other real estate expenses			10
	11 Depreciation (attach Form 4562)			11
	12 Depletion			12
	13 Trade or business deductions as provided in section 834(c)(8) (attach schedule)			13
	14 Interest			14
	15 Other capital losses (Schedule G, line 12, column (g))			15
	16 Total. Add lines 9 through 15			16
	17 Investment expenses (attach schedule)			17
	18 Total deductions. Add lines 16 and 17			18
19 Subtract line 18 from line 8			19	
20 Dividends-received deduction (Schedule C, line 25)			20	
21 Taxable investment income. Subtract line 20 from line 19. Enter here and on page 1, line 2			21	

Part II - Invested Assets Book Values

(Complete only if claiming a deduction for general expenses allocated to investment income.)

	(a) Beginning of tax year	(b) End of tax year
22 Real estate	22	
23 Mortgage loans	23	
24 Collateral loans	24	
25 Policy loans, including premium notes	25	
26 Bonds of domestic corporations	26	
27 Stock of domestic corporations	27	
28 Government obligations, etc.	28	
29 Bank deposits bearing interest	29	
30 Other interest-bearing assets (attach schedule)	30	
31 Total. Add lines 22 through 30	31	
32 Add columns (a) and (b), line 31		32
33 Mean of invested assets for the tax year. Enter one-half of line 32		33
34 Multiply line 33 by .0025		34
35 Income base. Line 1b, column (a) plus line 8 less the sum of line 1b, column (b) and line 16	35	
36 Multiply line 33 by .0375	36	
37 Subtract line 36 from line 35. Do not enter less than zero	37	
38 Multiply line 37 by .25		38
39 Limitation on deduction for investment expenses. Add lines 34 and 38		39

Schedule C Dividends and Special Deductions
(See page 15 of instructions.)

		Dividends-Received	
		(a) Subject to section 832(b)(5)(B)	(b) Total dividends-received
Income			
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	1	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	2	
3	Dividends on debt-financed stock of domestic and foreign corporations	3	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	4	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	5	
6	Dividends on stock of certain less-than-20%-owned foreign corporations and certain FSCs	6	
7	Dividends on stock of certain 20%-or-more-owned foreign corporations and certain FSCs	7	
8	Dividends on stock of wholly owned foreign subsidiaries and FSCs	8	
9	Dividends from affiliated companies	9	
10	Other dividends from foreign corporations not included on lines 6, 7, and 8	10	
11	Income from controlled foreign corporations under subpart F (attach Forms 5471)	11	
12	Foreign dividend gross-up (section 78)	12	
13	Other dividends (attach schedule)	13	
14	Total dividends. Add lines 1 through 13. Enter here and on Schedule A, line 2, or Schedule B, line 2, whichever applies	14	
Deduction		Dividends-Received Deduction	
		(a) Subject to section 832(b)(5)(B)	(b) Total dividends-received deduction
15	Multiply line 1 by 70%	15	
16	Multiply line 2 by 80%	16	
17	Deduction for line 3 (see page 16 of instructions)	17	
18	Multiply line 4 by 42%	18	
19	Multiply line 5 by 48%	19	
20	Multiply line 6 by 70%	20	
21	Multiply line 7 by 80%	21	
22	Enter the amount from line 8	22	
23	Total. Add lines 15 through 22. (See page 16 of instructions for limitation.)	23	
24	Total. Add line 23, column (a), and line 9, column (a). Enter here and on Schedule F, line 10	24	
25	Total deductions. Add line 23, column (b), and line 9, column (b). Enter here and on Schedule A, line 36a, or Schedule B, line 20, whichever applies	25	

Schedule E Premiums Earned - Section 832 (See page 16 of instructions.)

1	Net premiums written	1	237,685
2	Unearned premiums on outstanding business at the end of the preceding tax year:		
a	Enter 100% of life insurance reserves included in unearned premiums (section 832(b)(7)(A)) and all unearned premiums of section 833 organizations	2a	
b	Enter 90% of unearned premiums attributable to insuring certain securities	2b	
c	Discounted unearned premiums attributable to title insurance	2c	
d	Enter 80% of all other unearned premiums	2d	1,397,134
e	Total. Add lines 2a through 2d	2e	1,397,134
3	Total. Add lines 1 and 2e	3	1,634,819
4	Unearned premiums on outstanding business at the end of the current tax year:		
a	Enter 100% of life insurance reserves included in unearned premiums (section 832(b)(7)(A)) and all unearned premiums of section 833 organizations	4a	
b	Enter 90% of unearned premiums attributable to insuring certain securities	4b	
c	Discounted unearned premiums attributable to title insurance	4c	
d	Enter 80% of all other unearned premiums	4d	1,015,258
e	Total. Add lines 4a through 4d	4e	1,015,258
5	Subtract line 4e from line 3	5	619,561
6	Transitional adjustments under section 832(b)(7)(D). (See page 17 of instructions.)	6	
7	Premiums earned. Add lines 5 and 6. Enter here and on Schedule A, line 1	7	619,561

Schedule F Losses Incurred - Section 832 (See page 17 of instructions.)

1	Losses paid during the tax year (attach schedule)	1	1,039,372
2	Balance outstanding at the end of the current tax year for:		
a	Unpaid losses on life insurance contracts	2a	
b	Discounted unpaid losses	2b	-951,229
c	Total. Add lines 2a and 2b	2c	-951,229
3	Add lines 1 and 2c	3	88,143
4	Balance outstanding at the end of the preceding tax year for:		
a	Unpaid losses on life insurance contracts	4a	
b	Discounted unpaid losses	4b	730,003
c	Total. Add lines 4a and 4b	4c	730,003
5	Subtract line 4c from line 3	5	-641,860
6	Estimated salvage and reinsurance recoverable at the end of the preceding tax year	6	
7	Estimated salvage and reinsurance recoverable at the end of the current tax year	7	
8	Losses incurred (line 5 plus line 6 less line 7)	8	-641,860
9	Tax-exempt interest subject to section 832(b)(5)(B)	9	
10	Dividends-received deduction subject to section 832(b)(5)(B) (Schedule C, line 24)	10	
11	The increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F)	11	
12	Total. Add lines 9, 10, and 11	12	
13	Reduction of deduction under section 832(b)(5)(B). Multiply line 12 by .15	13	
14	Losses incurred deductible under section 832(c)(4). Subtract line 13 from line 8. Enter here and on Schedule A, line 26	14	-641,860

QBE Insurance (International) Limited

Form 1120-PC (2002)

Schedule G Other Capital Losses (See page 17 of instructions.)

(Capital assets sold or exchanged to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders.)

1	Dividends and similar distributions paid to policyholders	1	
2	Losses paid	2	
3	Expenses paid	3	
4	Total. Add lines 1, 2, and 3	4	
Note. Adjust lines 5 through 8 to cash method if necessary.			
5	Interest received	5	
6	Dividends-received (Schedule C, line 14)	6	
7	Gross rents, gross royalties, lease income, etc., and gross income from a trade or business other than an insurance business including income from Form 4797 (include gains for invested assets only)	7	
8	Net premiums received	8	
9	Total. Add lines 5 through 8	9	
10	Limitation on gross receipts from sales of capital assets. Line 4 less line 9. If zero or less, enter -0-	10	

(a) Description of capital asset	(b) Date acquired	(c) Gross sales price	(d) Cost or other basis	(e) Expense of sale	(f) Depreciation allowed (or allowable)	(g) Loss ((d) plus (e) less the sum of (c) and (f))
11						
12	Totals - column (c) must not be more than line 10. (Enter amount from column (g) in Schedule A, line 28, or Schedule B, line 15, whichever applies)					

Schedule H Special Deduction And Ending Adjusted Surplus for Section 833 Organizations (See page 18 of instructions.)

1	Health care claims incurred during the tax year and liabilities incurred during the tax year under cost-plus contracts	1	
2	Expenses incurred during the tax year in connection with the administration, adjustment, or settlement of health care claims or in connection with the administration of cost-plus contracts	2	
3	Total. Add lines 1 and 2	3	
4	Multiply line 3 by .25	4	
5	Beginning adjusted surplus	5	
6	Special deduction. Subtract line 5 from line 4. If zero or less, enter -0-. Enter here and on Schedule A, line 34a. (See page 18 of instructions for limitation.)	6	
7	Net operating loss deduction (Schedule A, line 36b)	7	
8	Net exempt income:	8a	
a	Adjusted tax-exempt income	8b	
b	Adjusted dividends-received deduction	9	
9	Taxable income (Schedule A, line 37)	10	
10	Ending adjusted surplus. Add lines 5 through 9		

Form 1120-PC (2002)

Schedule I Other Information (See page 18 of instructions.)**1** Check method of accounting:

- a ☐ Cash
 b ☒ Accrual
 c ☐ Other (specify) _____

2 Check box for kind of company:

- a ☐ Mutual
 b ☒ Stock

3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)

X

If "Yes," attach a schedule showing:

- (a) name and employer identification number (EIN);
 (b) percentage owned; and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.

4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?

X

If "Yes," enter name and EIN of the parent corporation _____

5 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)

X

If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.)

Enter percentage owned _____

6 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes," enter:

X

(a) Percentage owned _____ and (b) Owner's country _____

(c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____

7 Has the corporation elected to use its own payout pattern for discounting unpaid losses and unpaid loss adjustment expenses?

X

8 a Enter the total unpaid losses shown on the corporation's annual statement:(1) for the current tax year: -951,229(2) for the previous tax year: 1,134,991**b** Enter the total unpaid loss adjustment expenses shown on the corporation's annual statement:(1) for the current tax year: 0(2) for the previous tax year: 0**9** Does the corporation discount any of the loss reserves shown on its annual statement?

X

10 Enter the amount of tax-exempt interest received or accrued during the tax year _____

0

11 If the corporation has an NOL for the tax year and is electing to forgo the carryback period, check here. ☐

If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3)(i) or (ii) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years. (Do not reduce it by any deduction on line 36b, Schedule A.) _____

490,677

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Form 1120-PC (2002)

Schedule L Balance Sheets per Books (All filers are required to complete this schedule.)

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		280,973		758,481
2 a Trade notes and accounts receivable	1,155,079		963,598	
b Less allowance for bad debts	()	1,155,079	()	963,598
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see page 19 of instructions)		328,346		298,415
6 Other current assets (attach schedule)	Ln 6 Stmt			
7 Loans to shareholders				
8 Mortgage and real estate loans				4,600,000
9 Other investments (attach schedule)	Ln 9 Stmt	7,736,400		
10 a Buildings and other depreciable assets	273,044		248,152	
b Less accumulated depreciation	(245,856)	27,188	(242,297)	5,855
11 a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)				
13 a Intangible assets (amortizable only)				
b Less accumulated amortization	()		()	
14 Other assets (attach schedule)	Ln 14 Stmt	392,701		293,410
15 Total assets		9,920,687		6,919,759
Liabilities and Shareholders' Equity				
16 Accounts payable		223,374		35,963
17 Mortgages, notes, bonds payable in less than 1 year				317,843
18 Insurance liabilities (See page 19 of instructions)		2,476,420		314,434
19 Other current liabilities (attach schedule)	Ln 18 Stmt	293,630		
20 Loans from shareholders				
21 Mortgages, notes, bonds payable in 1 year or more				
22 Other liabilities (attach schedule)				
23 Capital stock: a Preferred stock				
b Common stock				
24 Additional paid-in capital		8,271,419		7,690,627
25 Retained earnings - Appropriated (attach schedule)				
26 Retained earnings - Unappropriated		-1,344,156		-1,439,108
27 Adjustments to shareholders' equity (attach schedule)		()		()
28 Less cost of treasury stock				
29 Total liabilities and shareholders' equity		9,920,687		6,919,759

Schedule M-1 Reconciliation of Income (Loss) per Books with Income per Return (See page 19 of instructions.)

(The corporation is not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income (loss) per books	-94,952	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax per books	60,460	a Tax-exempt interest	
3 Excess of capital losses over capital gains		See Ln 7 Stmt	18,042
4 Income subject to tax not recorded on books this year (itemize)		8 Deductions in this tax return not charged against book income this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)		a Depreciation	
a Depreciation	9,759	b Charitable contributions	
b Charitable contributions	536	See Ln 8 Stmt	12,105
c Travel and entertainment	2,548	9 Add lines 7 and 8	30,147
See Ln 5 Stmt	93,222	10 Income (Schedule A, line 35) -	
6 Add lines 1 through 5	71,573	subtract line 9 from line 6	41,426

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (line 26, Schedule L)

1 Balance at beginning of year	-1,344,156	5 Distributions: a Cash	
2 Net income (loss) per books	-94,952	b Stock	
3 Other increases (itemize)		c Property	
		6 Other decreases (itemize)	
		7 Add lines 5 and 6	
		8 Balance at end of year (subtract line	
4 Add lines 1, 2, and 3	-1,439,108		-1,439,108

Depreciation and Amortization (Including Information on Listed Property)

2002

67

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.
▶ Attach to your tax return.

Name(s) shown on return

Identifying number

QBE Insurance (International) Limited

66-0516613

Business or activity to which this form relates

Insurance

Part I Election To Expense Certain Tangible Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses	1	\$24,000.
2	Total cost of section 179 property placed in service (see instructions)	2	5,290.
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	24,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	0.
10	Carryover of disallowed deduction from line 13 of your 2001 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2003. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	1,587.
15	Property subject to section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions)

Section A		17	9,411.
17	MACRS deductions for assets placed in service in tax years beginning before 2002		
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B — Assets Placed in Service During 2002 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		3,703.	5 yrs	MQ	200DB	185.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

Section C — Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	4,693.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	15,876.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see instructions.

FD120812 12/12/02

Form 4562 (2002)

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No								24b If 'Yes,' is the evidence written? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)								25	
26 Property used more than 50% in a qualified business use (see instructions):									
Subaru Legacy	09/12/96	100.00	21,949.	21,949.	5.00	MF200/HY	1,143.		
Mitsubishi Montaro	07/01/97	100.00	26,832.	26,832.	5.00	MF200/MQ	1,775.		
Toyota Camry	10/08/97	100.00	22,500.	22,500.	5.00	MF200/MQ	1,775.		
27 Property used 50% or less in a qualified business use (see instructions):									
								28	4,693.
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1								29	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1									

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles – see instructions)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		X
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners	X	
39 Do you treat all use of vehicles by employees as personal use?		X
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		X
41 Do you meet the requirements concerning qualified automobile demonstration use? (see instructions)		X

Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2002 tax year (see instructions):					
					43
43 Amortization of costs that began before your 2002 tax year					44
44 Total. Add amounts in column (f). See instructions for where to report					

Form 4797

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184

2002

27

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on return

Identifying number

66-0516613

QBE Insurance (International) Limited

1 Enter the gross proceeds from sales or exchanges reported to you for 2002 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft — Most Property Held More Than 1 Year (See instructions.)

2 (a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
Subaru Legacy	09/12/96	03/25/02	2050	17378	21949	-2521
Manager's Furniture	10/01/00	01/01/02		2398	7142	-4744

- 3 Gain, if any, from Form 4684, line 39 3
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 4
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 5
- 6 Gain, if any, from line 32, from other than casualty or theft 6
- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows 7 -7,265.
- Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6, or Form 1120S, Schedule K, line 5. Skip lines 8, 9, 11, and 12 below.
- All others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below.
- 8 Nonrecaptured net section 1231 losses from prior years (see instructions) 8
- 9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on Schedule D (see instructions) 9

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):	06/30/01	01/01/02	393	1092	-699
Fixed assets					

- 11 Loss, if any, from line 7 11 -7,265.
- 12 Gain, if any, from line 7 or amount from line 8, if applicable 12
- 13 Gain, if any, from line 31 13
- 14 Net gain or (loss) from Form 4684, lines 31 and 38a 14
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 15
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 16
- 17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions) 17
- 18 Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows 18 -7,964.
- a For all except individual returns.** Enter the gain or (loss) from line 18 on the return being filed.
- b For individual returns:**
- (1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from Form 4797, line 18b(1). See instructions 18b(1)
- (2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14 18b(2)

Form 4797 (2002)

BAA For Paperwork Reduction Act Notice, see instructions.

FDIZ1001 08/28/02

Form 1120, Page 1, Line 26
Other Deductions Statement

Commissions	472,134.
Administrative expenses	180,000.
Deferred acquisition costs	28,949.
Sundries	817,689.
Total	<u>1,498,772.</u>

Form 1120, Page 4, Schedule L, Line 6
Ln 6 Stmt

Other Current Assets:	Beginning of tax year	End of tax year
Accrued investment income	48,657.	16,777.
Prepaid expenses	11,004.	863.
Prepaid income tax	254,694.	260,694.
Sundry debtors	13,991.	20,081.
Total	<u>328,346.</u>	<u>298,415.</u>

Form 1120, Page 4, Schedule L, Line 9
Ln 9 Stmt

Other Investments:	Beginning of tax year	End of tax year
Investment	7,736,400.	4,600,000.
Total	<u>7,736,400.</u>	<u>4,600,000.</u>

Form 1120, Page 4, Schedule L, Line 14
Ln 14 Stmt

Other Assets:	Beginning of tax year	End of tax year
Deferred commissions	392,701.	293,410.
Total	<u>392,701.</u>	<u>293,410.</u>

Form 1120, Page 4, Schedule L, Line 18
Ln 18 Stmt

Other Current Liabilities:	Beginning of tax year	End of tax year
Accrued expenses	29,239.	17,479.
Provision for doubtful debts	212,023.	249,547.
Provision for holiday pay	6,637.	17,334.
Due from other creditors	45,731.	30,074.
Total	<u>293,630.</u>	<u>314,434.</u>

Total

Form 1120, Page 4, Schedule M-1, Line 5

Ln 5 Stmt

Unpaid losses	<u>45,001.</u>
Increase in provision for doubtful debts	<u>37,524.</u>
Increase in provision for holiday pay	<u>10,697.</u>
Total	<u><u>93,222.</u></u>

Form 1120, Page 4, Schedule M-1, Line 7

Ln 7 Stmt

Unearned premiums	<u>18,042.</u>
Total	<u><u>18,042.</u></u>

Form 1120, Page 4, Schedule M-1, Line 8

Ln 8 Stmt

Tax over book loss on sale of assets	<u>12,105.</u>
Total	<u><u>12,105.</u></u>

Form 1120-F (2002)

Schedule 1

SECTION III - Branch Profits Tax and Tax on Excess Interest

Part I - Branch Profits Tax (See page 19 of instructions.)

1	Enter the amount from Section II, line 29	1	41,426
2	Enter total adjustments to line 1 to get effectively connected earnings and profits. (Attach a schedule showing the nature and amount of adjustments.) (See instructions.) Schedule 2	2	-738
3	Effectively connected earnings and profits. Combine line 1 and line 2	3	40,688
4a	Enter U.S. net equity at the end of the current tax year. (Attach schedule.) Schedule 3	4a	3,459,879
b	Enter U.S. net equity at the end of the prior tax year. (Attach schedule.) Schedule 3	4b	4,960,344
c	Increase in U.S. net equity. If line 4a is greater than or equal to line 4b, subtract line 4b from line 4a. Enter the result here and skip to line 4e.	4c	
d	Decrease in U.S. net equity. If line 4b is greater than line 4a, subtract line 4a from line 4b.	4d	1,500,465
e	Non-previously taxed accumulated effectively connected earnings and profits. Enter excess, if any, of effectively connected earnings and profits for preceding tax years beginning after 1986 over any dividend equivalent amounts for those tax years	4e	0
5	Dividend equivalent amount. Subtract line 4c from line 3. If zero or less, enter -0-. If no amount is entered on line 4c, add the lesser of line 4d or line 4e to line 3 and enter the total here	5	40,688
6	Branch profits tax. Multiply line 5 by 30% (or lower treaty rate if the corporation is a qualified resident or otherwise qualifies for treaty benefits). Enter here and include on line 3, page 1. (See instructions.) Also complete Items W and X below See Form 8833	6	6,103

Part II - Tax on Excess Interest (See page 20 of instructions.)

7a	Enter the interest from Section II, line 18	7a	
b	Enter the interest apportioned to the effectively connected income of the foreign corporation that is capitalized or otherwise nondeductible	7b	
c	Add lines 7a and 7b	7c	
8	Enter the branch interest (including capitalized and other nondeductible interest). (See instructions for definition.) If the interest paid by the foreign corporation's U.S. trade or business was increased because 80% or more of the foreign corporation's assets are U.S. assets, check this box <input type="checkbox"/>	8	
9a	Excess interest. Subtract line 8 from line 7c. If zero or less, enter -0-	9a	
b	If the foreign corporation is a bank, enter the excess interest treated as interest on deposits. Otherwise, enter -0-. (See instructions.)	9b	
c	Subtract line 9b from line 9a	9c	
10	Tax on excess interest. Multiply line 9c by 30% or lower treaty rate (if the corporation is a qualified resident or otherwise qualifies for treaty benefits). (See instructions.) Enter here and include on line 3, page 1. Also complete Items W and X below	10	

Additional Information Required (continued from page 2)

	Yes	No	
V Is the corporation claiming a reduction in, or exemption from, the branch profits tax due to:			
(1) A complete termination of all U.S. trades or businesses?		X	
(2) The tax-free liquidation or reorganization of a foreign corporation?		X	
(3) The tax-free incorporation of a U.S. trade or business?		X	
If (1) applies or (2) applies and the transferee is domestic, attach Form 8848. If (3) applies, attach the statement required by Regulations section 1.884-2T(d)(5).			
W Is the corporation taking a position on this return that a U.S. tax treaty overrules or modifies an Internal Revenue law of the United States thereby causing a reduction of tax?	X		
If "Yes," complete and attach Form 8833.			
Note: Failure to disclose a treaty-based return position may result in a \$10,000 penalty (see section 6712).			
X If the corporation is claiming it is a qualified resident of its country of residence for purposes of computing its branch profits tax and excess interest tax (see page 20 of instructions), check the basis for that claim:			
Stock ownership and base erosion test			
Publicly traded test			X
Active trade or business test			
Private letter ruling			
Y During the tax year, did the corporation own any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," attach a statement listing the name, country under whose laws the entity was organized, and EIN (if any) of each such entity			X
Z During the tax year, did the corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? If "Yes," see page 21 of instructions for required attachment.			X

Schedule 2

QBE Insurance(International) Limited

EIN: 66-0516613

December 31, 2002

Adjustments to Arrive at Effectively Connected Earnings & Profits
Form 1120-F, Page 5, Section III, Part I, Line 2

Meals & Entertainment	(2,548)
Loss on Sale of Fixed Assets	12,105
Charitable contributions	(536)
Depreciation	<u>(9,759)</u>
	<u><u>(738)</u></u>

Schedule 3

QBE Insurance(International) Limited

EIN: 66-0516613

December 31, 2002

Computation of Guam Net Equity Under Regs. §1.884-1
Form 1120-F, Page 5, Section III, Part I, Lines 4a and 4b

	<u>12/31/01</u>	<u>12/31/02</u>
(1) Asset Determination:		
Guam Assets	9,920,687	6,919,759
Less: Interbranch Assets	<u>0</u>	<u>0</u>
Guam Connected Assets	9,920,687	6,919,759
(2) Liability Determination:		
Fixed Ratio	50.00%	50.00%
Guam Connected Assets	9,920,687	6,919,759
Guam Connected Liabilities	4,960,343	3,459,880
Reduction in Liabilities	<u>0</u>	<u>0</u>
Guam Adjusted Liabilities	4,960,343	3,459,880
(3) Guam Net Equity:	<u>4,960,344</u>	<u>3,459,879</u>

Schedule 4

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE

NAIC Group Code
NAIC Company Code

EXHIBIT OF PREMIUMS AND LOSSES (STATUTORY PAGE 14 DATA)

BUSINESS IN THE STATE OF

DURING THE YEAR

Attch Bar Code 430 above

Line of Business	Gross Premiums, including Policy and Administrative Fees, Less Reborn Premiums and Premiums on Policies Not Taken		3	4	5	6	7	8	9	10	11	12
	1	2										
1. All other lines	1331,004	124,165		3,981,932	29,631	7,731,913	7,731,913					
2.1 Multiple paid crop												
2.2 Federal food												
3. Farmowners multiple paid	440,709	6,672,411		22,612	5,604,779	1,042,764	510,489					
4. Farmowners multiple paid												
5.1 Commercial multiple paid (non-healthy parties)												
5.2 Commercial multiple paid (healthy parties)	139,039	176,158		183,162	2531	2,600	2,670					
6. Mortgage guaranty												
7. Ocean marine												
8. Land marine	7809	4,429		2,196	0	0	0					
9. Physical guaranty												
10. Medical malpractice												
11. Earthquake												
12. Group accident and health												
13. Credit A & H (Group and individual)												
14. Credit A & H (Group and individual)												
15.1 Non-cancellable A & H												
15.2 Guaranteed renewable A & H												
15.3 Non-renewable for actual reasons only												
15.4 Non-renewable for actual reasons only												
15.5 Other accident only												
15.6 All other A & H												
15.7 Federal employees health benefits program premium												
16. Workers' compensation	320,346	379,065		3,237,668	85,078	4,653,4	6,156					
17. Other liability	222,867	3,692,855		3,522,951	116,866	1,218,997	4,2514					
18. Products liability	130,698	1,621,191		9,4607	34,781	35,309	35,409					
19.1 Other private passenger auto liability	138,968	2,404,490		1,029,725	51,363	52,354	5,2304					
19.2 Other private passenger auto liability												
19.3 Commercial auto liability												
19.4 Other commercial auto liability												
21.1 Private passenger auto physical damage	538,736	715,878		4,962,284	153,424	155,845	15,6240					
21.2 Commercial auto physical damage												
22. Aircraft (all perils)												
23. Fidelity												
24. Surety	110,749	119,199		215,947	8467	709,014	703,572					
26. Burglary and theft	3800	3640		308,825	0	0	0					
27. Boiler and machinery												
28. Credit	42,444	71,903		11,568	11,027	11,027	0					
33. Aggregate with-in for other lines of business	350,828	4,007,452		111,445	1,8062	9,916,989	9,273,012					
34. TOTALS												
3501. DETAILS OF WHITE-INS	42,444	71,903		11,568	11,027	11,027	0					
3502. Summary of operating white-ins for (line 33 from another page)												
3503. Summary of operating white-ins for (line 33 from another page)												
3509. TOTALS from 3501 thru 3503 plus 3508 (line 33, above)												

Treaty-Based Return Position Disclosure
Under Section 6114 or 7701(b)
▶ Attach to your tax return.

OMB No. 1545-1354

Attach a separate Form 8833 for each treaty-based return position taken. Failure to disclose a treaty-based return position may result in a penalty of \$1,000 (\$10,000 in the case of a C corporation) (see section 6712).

Name QBE Insurance (International) Limited		U.S. taxpayer identifying number 66-0516613
Address in country of residence 345 George Street, Level 7 Sydney, NSW 2000	Address in the United States 674 Harmon Loop Road Dededo, GU 96912	

Check one or both of the following boxes as applicable:

- The taxpayer is disclosing a treaty-based return position as required by section 6114 ▶ ☒
- The taxpayer is a dual-resident taxpayer and is disclosing a treaty-based return position as required by Regulations section 301.7701(b)-7 ▶ ☐

Check this box if the taxpayer is a U.S. citizen or resident or is incorporated in the United States ▶ ☐

1 Enter the specific treaty position relied on: a Treaty country <u>Australia</u> b Article(s) <u>Article 10</u>	3 Name, identifying number (if available to the taxpayer), and address in the United States of the payor of the income (if fixed or determinable annual or periodical). See instructions. N/A
2 List the Internal Revenue Code provision(s) overruled or modified by the treaty-based return position	

IRC Sec. 884

4 List the provision(s) of the limitation on benefits article (if any) in the treaty that the taxpayer relies on to prevent application of that article ▶

5 Explain the treaty-based return position taken. Include a brief summary of the facts on which it is based. Also, list the nature and amount (or a reasonable estimate) of gross receipts, each separate gross payment, each separate gross income item, or other item (as applicable) for which the treaty benefit is claimed

Taxpayer is a resident of Australia and is claiming the reduced rate of tax on gross dividends. The maximum rate of tax on gross dividends is 15 percent pursuant to Article 10 of the Australia Income Tax Treaty. Taxpayer will apply this provision to any branch profits tax obligation as the branch profits tax is effectively a tax on dividends.

Net Operating Loss Summary

NOL Carryover Year	A NOL Carryover Available	B Deduction Allowed in Current Year	C Adjustment Under Section 172(b)(2)	D Remaining Carryover New Law	E Remaining Carryover Old Law
2001	490,677.	41,426.	864.	450,115.	0.
2000					
1999					
1998					
1997					
1996					
1995					
1994					
1993					
1992					
1991					
1990					
1989					
1988					
1987					
Totals	490,677.	41,426.	864.	450,115.	0.
Less: Carryover expiring due to 15-year limitation					
Add: Current year net operating loss					
Less: Carryback of current year net operating loss					
Net operating loss carryover to next year					450,115.

CPCW7601.SCR 06/03/02

Form 7004

(Rev. October 2000)

Department of the Treasury
Internal Revenue Service

TAXPAYER'S COPY

Application for Automatic Extension of Time
To File Corporation Income Tax Return

OMB No. 1545-0233

Name of corporation

QBE INSURANCE INTERNATIONAL LTD.

Employer identification no.

66-0516613

Number, street, and room or suite no. (If a P.O. box or outside the United States, see instructions.)

674 HARMON LOOP ROAD

City or town, state, and ZIP code

Dededo GU 96912-

Check type of return to be filed:

☐ Form 990-C
☐ Form 1120
☐ Form 1120-A
☐ Form 1120-F

☐ Form 1120-FSC
☐ Form 1120-H
☐ Form 1120-L
☐ Form 1120-ND

☒ Form 1120-PC
☐ Form 1120-POL
☐ Form 1120-REIT
☐ Form 1120-RIC

☐ Form 1120S
☐ Form 1120-SF

- Form 1120-F filers: Check here if the foreign corporation does not maintain an office or place of business in the United States. ☐

1 Request for Automatic Extension (see instructions)

- a Extension date. I request an automatic 6-month (or, for certain corporations, 3-month) extension of time

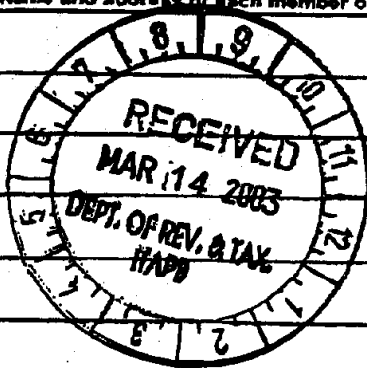
 until SEP 15, 2003, to file the income tax return of the corporation named above for ☒ calendar
 year 20 02 or ☐ tax year beginning _____, and ending _____, 20

- b Short tax year. If this tax year is for less than 12 months, check reason:

☐ Initial return ☐ Final return ☐ Change in accounting period ☐ Consolidated return to be filed

2 Affiliated group members (see instructions). If this application also covers subsidiaries to be included in a consolidated return, provide the following information:

Name and address of each member of the affiliated group	Employer identification no.	Tax period



3 Tentative tax (see instructions)

3 0

4 Payments and refundable credits (see instructions)

- a Overpayment credited from prior year

4a

- b Estimated tax payments for the tax year

4b

- c Less refund for the tax year applied for on Form 4466

4c

Bal 4d

- e Credit for tax paid on undistributed capital gains (Form 2439)

4e

- f Credit for Federal tax on fuels (Form 4136)

4f

5 Total. Add lines 4d through 4f (see instructions)

5

6 Balance due. Subtract line 5 from line 3. Deposit this amount using the Electronic Federal

Tax Payment System (EFTPS) or with a Federal Tax Deposit (FTD) Coupon (see instructions)

6 0

Signature. Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief, the statements made are true, correct, and complete.

Debra M. Shinnick, CPA
 (Signature of officer or agent)

authorized representative
 (Title)

3-14-03
 (Date)

For Paperwork Reduction Act Notice, see instructions.

Form 7004 (Rev. 10-2000)

CARLSMITH BALL LLP

A LIMITED LIABILITY LAW PARTNERSHIP

BANK OF HAWAII BLDG., SUITE 401
134 WEST SOLEDAD AVENUE, P.O. Box BF
HAGATNA, GUAM 96932-5027
TELEPHONE 671.472.6813 FAX 671.477.4375
WWW.CARLSMITH.COM

DCALVO@CARLSMITH.COM



OUR REFERENCE NO.:
052277-00003

DIRECT DIAL NO.
311

December 23, 2003

VIA HAND DELIVERY

Mr. Artemio B. Ilagan
Director
Department of Revenue and Taxation
Government of Guam
P.O. Box 23607
GMF, Guam 96921

Re: QBE Insurance (International) Limited: EIN#66-0516613 - Demand for Payment of Tax Refund

Dear Director Ilagan:

Enclosed herewith please find a copy of Form 2848 which designates the undersigned as attorney in fact for QBE Insurance (International) Limited in connection with all matters related to QBE's income tax filing for 2002 and the tax refund QBE is entitled to thereunder.

Also enclosed for your review, please find a copy of Form 1120-PC, QBE's U.S. Property and Casualty Insurance Company Income Tax Return for 2002 dated June 18, 2003 (the "QBE Return") and filed with Department of Revenue & Taxation ("DRT") on July 1, 2003. QBE has requested our office to assist it in connection with recovering its claim of refund as indicated in the QBE Return.

The salient facts relative to QBE's claim of refund are as follows. First, Line 17 of the QBE Return illustrates that QBE has overpaid taxes in the amount of \$248,591.00. As indicated in Line 18, QBE seeks a refund of this entire amount. QBE has been awaiting payment of its refund for over six (6) months but the claim to date remains unpaid.

In seeking to recover its claim of refund, QBE has several available options. First, QBE may institute suit against DRT to recover the claim of refund. As a second option, QBE and DRT may enter into an amicable arrangement which provides for the payment of the claim of refund.

With regards to the first option, the following law is applicable. Section 7422(a) of the Internal Revenue Code provides:

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(a) **No suit prior to filing claim for refund.** No suit or proceeding shall be maintained in any court for the recovery of any internal revenue tax alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessive or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Secretary, according to the provisions of the law in that regard, and the regulations of the Secretary established in pursuance thereof.

26 U.S.C.A. §7422(a).

In the instant case, QBE has filed its claim of refund. Under IRC Regulation §301.6402-3(a)(5), if a taxpayer elects to receive a cash refund on its return, its filed income tax return or amended return constitutes a claim for refund and no other written claim need be filed. The QBE Return filed on July 1, 2003 thus constitutes its claim of refund as contemplated under §7422(a). In addition to the requirement that a claim for refund be filed, IRC §6532(a) further provides in relevant part that "no suit or proceeding under §7422 for the recovery of any ... tax... shall be begun before the expiration of 6 months from the date of filing the claim required under such section."

At this juncture, QBE is entitled under the above referenced statutes and regulations to institute suit against DRT for its claim of refund. More than 6 months have lapsed since QBE filed its claim of refund on July 1, 2003.

Despite its right to file suit, QBE would like to avail itself of its other option and attempt to recover the refund from DRT in an amicable and less costly manner.

In that regard, we are hereby requesting that DRT respond to this letter or contact our office within ten (10) working days of receipt of this letter to discuss the manner of payment of QBE's refund. If contact is not made within that time, QBE, unfortunately, will have no other option than to institute suit for recovery of its claim of refund against DRT as noted herein.

We look forward to your response and should you have any questions regarding this matter, please do not hesitate to contact me.

Very truly yours,



Donald V. Calvo

DVC:dai
4832-1719-4752.1.052277-00003

CARLSMITH BALL LLP

A LIMITED LIABILITY LAW PARTNERSHIP

BANK OF HAWAII BLDG., SUITE 401
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DCALVO@CARLSMITH.COM



DIRECT DIAL NO.
311

February 20, 2004

VIA HAND DELIVERY

Mr. Artemio B. Ilagan
Director
Department of Revenue and Taxation
Government of Guam
P.O. Box 23607
GMF, Guam 96921

Re: QBE Insurance (International) Limited: EIN#66-0516613 - Demand for Payment of Tax Refund

Dear Director Ilagan:

This letter is further to my letter to you dated December 23, 2003 concerning the above referenced matter. A copy of said letter, which was received by your office on December 23, 2003, is attached hereto for your review. As of this date, our office, on behalf of QBE Insurance (International) Limited ("QBE"), has not received a response to said letter and has not been contacted by any representative of the Department of Revenue & Taxation ("DRT") concerning QBE's claim of refund set forth in its Form 1120-PC Guam Territorial Income Tax Return filed with DRT on July 1, 2003.

As you may be aware, QBE has been attempting to recover its claim of refund in connection with tax overpayments it has made since January 30, 2002 when it filed its Form 4466 Application for Quick Refund of Overpayment of Estimated Tax. Despite its application in that regard made over two (2) years ago, its filing for a claim of refund on July 1, 2003 and the correspondence of December 23, 2003, the matter concerning the payment of QBE's claim of refund remains unresolved.

In my letter of December 23, 2003, DRT was informed that if no contact by DRT was made within ten (10) working days of receipt of said letter, QBE would have no other alternative but to institute suit to recover its claim of refund. Ten (10) working days since DRT's receipt of said letter have long passed. Thus, enclosed herewith, please find an unsigned and unfiled copy of the complaint QBE intends to file against DRT to recover its claim of refund.

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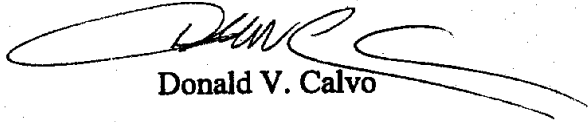
Mr. Artemio B. Ilagan
February 20, 2004
Page 2

Prior to its filing, however, QBE would like to once again afford DRT the opportunity to address this matter without the necessity of litigation which in the end would be costly for both parties.

In that regard, we are hereby requesting that DRT respond to this letter or contact our office no later than 5:00 p.m., February 25, 2004, concerning QBE's claim of refund. If contact is not made by that time, QBE will file its complaint the following day in the U.S. District Court of Guam.

We look forward to your response and should you have any questions regarding this matter, please do not hesitate to contact me.

Very truly yours,



Donald V. Calvo

DVC:dai
cc: Rogelio M. Noche, Jr.
Enclosures
4811-4265-6000.1.052277-00003

United States District Court

DISTRICT OF Guam, U.S.A.

QBE INSURANCE (INTERNATIONAL) LIMITED,

Plaintiff,

V.

GOVERNMENT OF GUAM,

Defendant.

SUMMONS IN A CIVIL CASE

TAX

CASE NUMBER: 04-00011

TO: (Name and address of defendant)

The Honorable Felix P. Camacho
Governor of Guam
Governor's Office
Government of Guam
Suite 405, Pacific News Building
238 Archbishop Flores St.
Hagatna, Guam 96910

YOU ARE HEREBY SUMMONED and required to serve upon PLAINTIFF'S ATTORNEY (name and address)

Donald V. Calvo
Meredith M. Sayre
Carlsmith Ball LLP
Bank of Hawaii Building, Suite 401
134 W. Soledad Avenue
Hagatna, Guam 96910
Phone: 472-6813
Fax: 477-4375

an answer to the complaint which is herewith served upon you, within sixty (60) days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint. You must also file your answer with the Clerk of this Court within a reasonable period of time after service.

MARY T. B. B. B.
Clerk of Court

CLERK



(BY) DEPUTY CLERK

DATE

MAR 04 2004

ACKNOWLEDGED RECEIPT

By: mpm

Date: 3-4-04